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Daily Report

East Asia

FBIS-EAS-94-182
Tuesday
20 September 1994

Daily Report
East Asia

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Agenda of Chiang Mai ASEAN Meeting Viewed

BK2009132094 Bangkok BANGKOK POST in English 19 Sep 94 pp 19, 32

[Text] ASEAN's declared intention to create genuine economic cooperation faces one of its toughest tests so far when the group's economic ministers meet in Chiang Mai later this week.

Even with nothing new on the agenda, the economic ministers' main task would be to administer import tariff reductions under the ASEAN Free Trade Area (AFTA) programme which is now approaching the end of its second year—a task that would test their will since the programme is beginning to gain teeth and there are signs of some backtracking.

In fact, the economic ministers' expanding schedule is almost keeping pace with that of their senior partners, the foreign ministers, whose 10-day annual meeting in Bangkok in July was the longest ever and included a number of new formats, most notably the ASEAN Region Forum on security.

This week's schedule in Chiang Mai begins with preparatory meetings of senior economic officials today and tomorrow. Then on Wednesday is a meeting of the AFTA Council. With some exceptions this is the economic ministers themselves under a different name.

One of the exceptions is Thailand, which is represented in the AFTA Council by Finance Minister Tharin Nimmanhemin instead of a trade minister.

The economic ministers hold their annual meeting on Thursday and Friday, where important agenda items include modifying and accelerating AFTA, and plans for the liberalisation of service industries within ASEAN and for agreeing on common standards and procedures for protection intellectual property such as copyrights, patents and trademarks.

The services and intellectual property rights plans will be submitted to the next ASEAN summit scheduled to be held in Thailand in December next year.

On Saturday, the ministers hold consultations with the Japanese minister of international trade and industry followed on Sunday by bilateral talks among themselves and discussions with the country likely to be the group's next member, Vietnam.

Also on Sunday will be the first meeting of the "Policy Exchange Mechanism", an attempt to encourage the six governments to coordinate their economic policies more closely.

Deputy Prime Minister Suphachai Phanitchaphak, who heads the Thai delegation, said last week that with the AFTA programme under way, matters concerning regional free trade could be left to the more technical AFTA Council to administer. The time had come for ASEAN's ministers to look at other aspects of economic policy, he said.

But the rationale behind the Policy Exchange Mechanism, an idea said to have come from Malaysia, is more complicated than that.

Officials believe that simply reducing tariffs in order to encourage trade is not enough. This is particularly the case since ASEAN countries are already lowering their import duties on products bought from the rest of the world—partly out of their own self- interest, and partly through commitments in the Uruguay Round of world trade talks.

Indonesia has undertaken one overhaul of its tariff regime, and Thailand is in the midst of doing the same, aiming for a simpler structure of only six rates ranging from zero for raw materials to a maximum of 20 percent for some finished products.

If duties on products imported from outside ASEAN are already low, the advantages of importing from fellow-ASEAN countries under the eventual 0-5 percent AFTA rates will be small. That is one reason why officials and ministers believe that moving beyond AFTA is important.

Another reason is that AFTA itself faces difficulties because of lobbying for the extension of the protection that originated from governments' policies such as Board of Investment promotional privileges. Some officials believe these policies have created a habit of relying on protection for example in the petrochemicals industries of several ASEAN countries.

One idea for the Policy Exchange Mechanism would therefore be for ASEAN members to coordinate their industrial policies more closely so that they are not all promoting competing activities. This would then reduce pressure for protectionism, according to the argument.

So far, however, ASEAN's record on coordinating policies is unimpressive.

While those new agenda items will be discussed, there are still some fundamental issues to be resolved in the old AFTA programme. Since AFTA was negotiated only in broad outline initially ("Agree First-Talk After", as trade experts like to rename it), the further into the programme the six progress, the more details need to be worked out.

The programme took effect on January 1, 1993 with a handful of minor cuts in tariffs of the agreed steps of five percentage points, spread out over a period of up to 15 years. This coming year, the number of products with significant tariff cuts when traded among the ASEAN six should increase considerably.

In the programme's two years, ASEAN has moved in two contradictory directions, however. In some sectors, members have developed cold feet and started withdrawing products from the program or putting those products on slower timetable.

At the same time, ministers have agreed to shorten the programme's current 15-year timetable, the most likely date for achieving the target 0 percent-5 percent tariff rates now thought to be January 1, 2003, ten years after the programme began.

The most dramatic protectionist swing has been in petrochemicals. At the urging of Singapore, Brunei, Malaysia and Indonesia, Thailand agreed that this sector should be on the "fast track"—the part of the AFTA programme in which specially earmarked sectors are to have tariffs slashed to 0-5 percent earlier than the normal 15 years. The agreed schedule is to reach the target in seven years if the original tariff rate is below 20 percent, or in 10 years for original rates of 20 percent or more.

Now, petrochemicals is not even on the normal 15-year schedule. The sector has been put on the exclusion list, a category with an ambiguous future.

Strictly speaking, products on the list could be excluded from AFTA for ever.

In practice, ministers and officials are loath to extend exclusion beyond the initial five-year period. To do so would risk AFTA following the fate of the previous attempt at trade cooperation in AFTA—the Preferential Trading Arrangement that had so many exclusions that snowploughs are about the only products remembered as being included.

Malaysia, Indonesia and Thailand blame one an other for the exclusion of petrochemicals. In fact all have invested heavily in petrochemicals and believe that for a number of reasons their industries are insufficiently developed to meet duty-free competition from lower-cost Singapore.

Dr Suphachai said he would recommend the entire petrochemicals sector be put on the normal track.

He would like to do that unilaterally for Thailand in any case, arguing that retaining protection on the "upstream" portions of the industry—those that supply more basic materials—raises the costs of the "downstream" manufacturers—such as those using the materials supplied from "upstream" to make plastics. Downstream manufacturers were competitive enough to export, and employ more people, so they should not suffer the higher costs of upstream protection, Dr Suphachai said.

However, he has been outvoted by Cabinet colleagues, notably Finance Minister Tharin Nimmanhemin and Industry Minister Sanan Khachonprasat. They argue that if countries such as Malaysia retain protection on their petrochemicals industries, then protection should remain at least for those "upstream" sectors in Thailand that are not competitive. Their objective is to allow currently-planned investment projects under the National Petrochemicals Corporation to go ahead.

Dr Suphachai said last week that ASEAN ministers might consider a Philippines' proposal that would mean everyone putting the same sub- sectors of petrochemicals on the normal track and the same sub- sectors on the exclusion list.

He also pointed out that if ministers agreed to eliminate the exclusion lists after the AFTA programme's fifth year, then there would be little difference between keeping petrochemicals on the exclusion list and putting the sector back on the normal track since the sector would have to go on the normal track in just over three years time—on January 1, 1998—anyway.

What he does not want to see, is a whole flood of previously- excluded industries requiring adjustment assistance suddenly coming on to the normal track in 1998. He is therefore proposing that ASEAN members start trimming their exclusion lists now.

Thailand is also hoping that agriculture, now totally outside AFTA, will be brought in. Officials are recommending that some products should definitely be brought in.

But last week, Dr Suphachai was not optimistic about the chances of the included list being significantly large. He said more than 1,000 products were being proposed for exclusion. The ministers would also have to decide whether the exclusions would only be temporary, and if so, when the products should be brought into AFTA.

Some Thai economists criticised the Anan Panyarachun government, which signed the AFTA agreements at the last summit in Singapore in early 1992, for yielding too much to other countries. They said Mr Anan should not have agreed to put petrochemicals and palm oil on the fast track without gaining in return a commitment to bring agriculture at least on the normal track.

The aim to bring Vietnam into ASEAN by next year's summit adds a complication to the deliberations on AFTA. Both Vietnamese and ASEAN officials are uncertain about the implications, but questions are already being asked about the readiness of the Vietnamese economy to jump into the AFTA programme.

So far, the most likely outcome seems to be delaying Vietnamese implementation of AFTA. But that leads to the difficult question about how decisions on AFTA should be handled. At present the decisions are reached by consensus among all ASEAN members, and those members have the similar commitments.

Accepting Vietnam on a slower track would mean one of two options: the present ASEAN six would have to allow Vietnam to be part of the group's consensus, even when Vietnam is not fully part of the programme; or Vietnam would have to agree to the present ASEAN six making decisions on AFTA in its absence; or else some sort of middle-way formula would have to be devised.

Officials are not even sure whether ASEAN and Vietnamese ministers are ready to discuss these issues when the two sides meet on Sunday.

The proposal to introduce services and intellectual property into AFTA, if approved, would be a significant step for the group because it could take the group closer toward a common market. Officials are looking both at ways to increase cooperation so that ASEAN countries can export their services outside the group, and at ways to increase trade in services among members.

Some private sector services organisations already exist, such as the ASEAN Banking and Insurance councils, and the ASEAN Shipowners Association. Among the ideas being considered are: a regional satellite project that might be based on Indonesia's Palapa system, a submarine cable project, and regional monetary remittance services.

Officials said these were are all at a very early stage and a lot of work remained if a substantial proposal was to be submitted to next year's summit.

IPR Issue To Top Agenda

BK2009120594 Bangkok THE NATION in English 20 Sep 94 p B2

[Text] Chiang Mai—The Association of Southeast Asian Nations (Asean) will adopt a common position on intellectual property rights (IPR) protection by reinterpreting the existing rules and definitions so that they are acceptable to all member countries. IPR will be the first subject discussed by the Economic Ministers of the regional grouping, which will meet in the northern city on September 22 and 23.

Thailand will take a leading role and push IPR as part of the broad agenda of the Asean Economic Ministers meeting (AEM), so that the interpretation and enforcement of the IPR will not be monopolized by the economic superpowers.

"We're building support in IPR among the developing nations so that they will no longer be subject to the international rules as written and interpreted by the developed countries," said Wirawit Wiraworawit, director of planning and technical division of the Intellectual Property Department.

IP [Intellectual Property] is protected under three international umbrella agreements; the Berne Convention, the Rome Convention and the Paris Union, with each having its own area of protection.

The Asean members do not belong to the same IPR agreements. For instance, Thailand, the Philippines and Malaysia are members of the Berne Convention which provides protection to copyrighted items while Indonesia and the Philippines are members of the Paris Union which offer patent and trademark protection.

This will mark the first time that Asean will focus its discussion on the cooperation on IPR, an important area of the international trade covered by the (General Agreement on Tariffs and Trade under the trade-related intellectual property.

Thai officials indicated that any agreements reached by the Asean on IP protection will have to advance beyond this scope of Gatt.

The Asean Economic Ministers are likely to approve the broad framework on IPR during their discussion in October, the Asean members will have to pass on its IPR proposals to the Asean Secretariat, which will coordinate the task by producing a preliminary draft which then will be sent back to each Asean member. IPR will become one of the hallmarks that will be deliberated by leaders of the regional grouping at the Asean summit to be held in Bangkok sometime late this year.

This IPR package will become the standard by which Asean will establish its relations with other neighbouring countries, including countries that form sub-regional groupings with Thailand.

The Thai Prime Minister Chuan Likphai has switched on the green light for Thailand to go ahead and break new ground on the IPR agreement. Deputy Commerce Minister Churin Laksanawisit is actively working on this front with officials of the IP department.

Churin has already signed a bilateral agreement on IPR with Laos and Vietnam. It is targeting Burma as the next country that should have a similar agreement with Thailand, which looks at itself as a role model in expanding the IPR in this region.

Thai trade officials will also travel to Latin America to broaden the cooperation in IPR with other developing counties as part of an effort to form an alliance to fight against the predominant economic superpowers.

The United States is pressing Thailand on the Priority Watch List (PWL), a status that subjects it to a possible trade retaliation, over an alleged inadequate IPR protection to US properties. However the US has become more satisfied with Thailand's progress in enforcing and strengthening the copyright law, and an amendment which is still pending in the Senate.

Japan

'Last-Ditch Effort' on Framework Talks Noted

OW1909142194 Tokyo KYODO in English 1412 GMT 19 Sep 94

[Text] Tokyo, Sept. 19 KYODO—As the U.S.-set Sept. 30 deadline for possible U.S. sanctions draws near, Japan and the United States will mount a last-ditch effort to make a breakthrough in the deadlocked "framework" trade talks in Washington this week, Japanese officials said Monday.

Foreign Minister Yohei Kono will meet in Washington with U.S. President Bill Clinton and Trade Representative Mickey Kantor later this week as subcabinet-level talks resume on three priority areas—government procurement of telecommunications and medical equipment, auto and auto parts trade, and the opening of Japan's insurance market.

Kono is scheduled to meet with Kantor soon after arriving in Washington on Wednesday, government officials said. His meeting with Clinton is slated for Thursday, they said.

The U.S. had said it will either impose or start procedures for trade sanctions if agreement is not reached on pending issues in negotiations designed to work out a new framework for bilateral trade.

The two countries are set to open working-level talks on government procurement in Washington on Monday morning.

Japanese officials said Tokyo and Washington are likely to resume subcabinet-level talks on auto and auto parts trade there on Thursday.

International Trade and Industry Minister Ryutaro Hashimoto indicated Japan may put off agreement on auto and auto parts trade beyond the deadline and put emphasis on settlement in procurement and insurance negotiations.

Hashimoto made the indication after a meeting of cabinet ministers involved in the framework talks held at the official residence of Prime Minister Tomiichi Murayama on Monday.

"Practically, it will be so," Hashimoto said, showing both sides still remain far apart on the automobile issue.

The officials said the ministers reaffirmed that Japan will oppose U.S. demands for "objective criteria" for measuring progress in foreign access to the Japanese market.

Asked to comment on the Japanese stance, Kantor told reporters in Washington Monday, "We have a proposal on the table and we're waiting to hear from the Japanese."

Besides bilateral economic issues, discussions at a meeting between Kono and Clinton will cover possible Japanese economic aid to Haiti and North Korea's atomic power project, the officials said.

Kono will express Japan's intention to seek permanent membership on the UN Security Council in his speech before the General Assembly on Sept. 27, they said.

Meanwhile, Trade Ministry officials said Japan and the U.S. States will resume negotiations in Washington Wednesday on Japan's flat-glass imports in an attempt to avoid U.S. sanctions.

The issue is part of comprehensive framework trade talks.

The officials said discussions will center on a Japanese proposal for the establishment of a joint consultative group to measure the opening of the Japanese flat-glass market.

They said Japan is ready to make as many concessions as possible, except for objective criteria.

On the area of financial services, Japan faced a U.S. demand to take deregulatory measures in four areas during a working-level session in Tokyo on Monday, a Japanese official said.

The official declined to comment on details but merely described the talks as "constructive."

Hashimoto Phones Brown

OW2009034394 Tokyo KYODO in English 0324 GMT 20 Sep 94

[Text] Tokyo, Sept. 20 KYODO—International Trade and Industry [MITI] Minister Ryutaro Hashimoto said Tuesday [20 September] he had telephone talks with U.S. Commerce Secretary Ron Brown in the small hours of the morning to break an impasse in the stalled trade "framework" talks.

Hashimoto said at a press conference that he told Brown that Sozaburo Okamatsu, vice minister of international trade and industry for international affairs, will go to Washington on Wednesday, one day ahead of schedule.

"It is important to get the framework talks moving as early as possible, " Hashimoto told reporters. "There is a Japanese proverb saying strike while the iron is hot," he said, indicating that the bilateral talks to establish new economic and trade ties have entered a final phase with the approach of the U.S.-imposed Sept. 30 deadline for the possible imposition of sanctions. "Both parties should maximize their efforts until the very end of the talks," Hashimoto said.

Hashimoto, however, declined to disclose further details of the talks with Brown, saying they agreed to keep quiet.

Concerning tax reform, Hashimoto indicated the need for the government to create a moratorium of three years before raising the 3 percent consumption tax following proposed tax reductions. "Japan should come up with a decision on tax reforms while keeping in mind the internationally recognized position," Hashimoto said.

Hashimoto was referring to the April talks between then Foreign Minister Tsutomu Hata and U.S. Trade Representative Mickey Kantor in Marrakech, Morocco, in which Japan pledged not to raise the consumption tax for at least for three years after tax cuts.

Kono's Planned Visit to Washington Previewed

OW1709005794 Tokyo TOKYO SHIMBUN in Japanese 15 Sep 94 Morning Edition p 3

[Unattributed article: "Is the Foreign Minister's Planned Visit To Washington for Political or Economic Talks?"]

[Text] Yohei Kono, deputy prime minister and foreign minister, will visit Washington 21-25 September prior to his attendance at the UN General Assembly. Will he visit Washington for "political talks" with President Clinton or "economic talks" with U.S. Trade Representative Mickey Kantor? As of 14 September, no decision has been made on the purpose of his Washington visit. Depending on the purpose, the character of his visit to the U.S. capital will change. For this reason, the Foreign Ministry is nervous about his planned visit.

The objective of the foreign minister's Washington visit remains unclear because a schedule for his talks with U.S. Government leaders has yet to be finalized.

U.S. Ambassador to Japan Mondale, who was in the United States, told a 7 September news conference that "President Clinton will hold talks with Foreign Minister Kono in late September." Motivated by the ambassador's statement, the Japanese Embassy in Washington has proposed to the U.S. holding talks between the president and the foreign minister, but the U.S. has said: "We have yet to decide anything."

Foreign Minister Kono met with President Clinton, Secretary of State Christopher, and Vice President Gore in Naples.

Nonetheless, he has never visited Washington since taking office. It is a matter of course for the Foreign Ministry to try to arrange his talks with the president and the secretary of state as part of its preparations for his first visit to Washington as Japanese foreign minister (says a senior North American Affairs Bureau official).

Russian President Yeltsin is scheduled to visit the United States beginning 26 September and President Clinton and Secretary of State Christopher appear preoccupied with preparing for the Russian president's visit. At present, a situation can be anticipated wherein the foreign minister leaves Japan for Washington without a concrete itinerary for him in the U.S. capital.

At their recent talks in Los Angles, meanwhile, the foreign minister and U.S. Trade Representative Mickey Kantor agreed to meet again in Washington in late September. They will certainly hold economic talks regardless of whether or not the foreign minister and president will hold the political talks.

There is a possibility that if vice ministerial talks face rough sailing on the eve of 30 September, a deadline imposed by the United States for possible trade sanctions against Japan, the foreign minister will fly to Washington after attending the UN General Assembly for eleventh-hour talks with U.S. Trade Representative Kantor.

The foreign minister will be able to hold talks with President Clinton in New York and he is expected to eventually hold talks with the president. Nonetheless, the foreign minister is likely to continue to feel nervous every day before departing for Washington.

Kono Eager To Conclude Framework Trade Talks

OW1709134094 Tokyo NIHON KEIZAI SHIMBUN in Japanese 17 Sep 94 Morning Edition p 2

[Text] Speaking in a lecture at a Tokyo hotel on the afternoon of 16 September, Deputy Prime Minister Kono referred to Japan-U.S. economic framework talks, which will enter their final stage late this month.

He said: "If the framework talks go wrong, some might say Japan-U.S. relations are not going well. This is a problem. We will make efforts to conclude the talks as early as possible."

In this way, he expressed his intention to tackle the issue with the resolve to bring the economic framework talks to a conclusion during his visit to the United States later this month.

Said To 'Do His Best'

OW2009082894 Tokyo KYODO in English 0813 GMT 20 Sep 94

[Text] Tokyo, Sept. 20 KYODO—Foreign Minister Yohei Kono said Tuesday he will do his best to make a breakthrough in the deadlocked "framework" trade works [as received] with the United States during his visit to Washington beginning Wednesday.

Kono told reporters that Japan and the U.S. should make further efforts to settle the talks, which are deadlocked over U.S. demands for "objective criteria," or numerical targets, for measuring the openness of Japanese markets. But Kono indicated opposition to such criteria, saying Japan-U.S. relations should be based on principles of free trade.

The U.S. has set a Sept. 30 deadline for possible sanctions should Japan fail to make concessions in the talks.

Kono is scheduled to hold talks with U.S. President Bill Clinton Thursday, after meeting with Trade Representative Mickey Kantor Wednesday.

Yet, Opposes Numerical Targets

OW2009120494 Tokyo KYODO in English 1154 GMT 20 Sep 94

[Text] Tokyo, Sept. 20 KYODO—Foreign Minister Yohei Kono said Tuesday [20 September] Japan is making efforts to successfully conclude "framework" trade talks with the United States but that it will not change its principle of refusing numerical targets to measure foreign access to Japanese markets.

In a joint interview ahead of his visit to Washington and New York, Kono indicated that negotiations on three priority areas—insurance, auto and auto parts, and government procurement—are making some progress.

He said Finance Minister Masayoshi Takemura and International Trade and Industry Minister Ryutaro Hashimoto each are likely to make final decisions on how to conclude the areas they are supervising, and on whether to seek a partial or general agreement on each of the areas.

Kono said, however, that Japan cannot retract its principle of not accepting numerical targets to measure progress in the access of foreign goods to the Japanese market.

"Countries in Europe and Asia are all paying attention, so we have to abide by our principles," Kono said. But he added Japan welcomes the entry of competitive foreign goods into the Japanese market.

Kono, who will leave for the U.S. on Wednesday, will hold talks with U.S. Trade Representative Mickey Kantor later Wednesday evening in Washington.

Turning to his planned meeting with U.S. President Bill Clinton on Thursday, Kono said he hopes to explain the specifics of policy decisions made by the government of Prime Minister Tomiichi Murayama since Murayama and Clinton met in Naples, Italy, in July.

Kono said he wants to boost mutual understanding with Clinton. He also said he would discuss ways to further promote bilateral cooperation on global problems as well as problems in the Asia-Pacific region.

On his speech to be delivered at the UN General Assembly, the foreign minister said he will express Japan's readiness to assume responsibilities as a permanent member of an enlarged UN Security Council if it could win support from many countries.

Kono said he also will make clear that Japan will not take part in military actions banned in its Constitution.

U.S. Demands Use of Multi-Function Glass

OW1909085894 Tokyo ASAHI SHIMBUN in Japanese 18 Sep 94 Morning Edition p 3

[By correspondent Hiroaki Ito]

[Text] Washington, 17 September—It has been revealed that in trade talks on sheet glass, the United States has proposed to Japan the setting up of guidelines for the use of such multi-function glass sheets as soundproof safety glass for certain public facilities. The sheet glass sector is considered the "most likely target" of the Super 301 provision of the U.S. Trade Act (which outlines steps for retaliation against trade partners' unfair practices). The United States plans to decide whether to execute the provision at the end of September. The U.S. proposal is taken as a measure to seek "results" while warding off criticism of "numerical targets" and "managed trade" forced by government.

Washington thinks U.S. makers are technologically superior in their production of soundproof safety glass. Thus, it believes that if the guidelines that urge Japan to use soundproof safety glass are set up, sheet glass exports to Japan will increase.

It is reported that the U.S. proposal also includes the following demands: 1) That Japan order sheet makers' special contractors and retailers to announce the "liberalization of rules on selecting trade partners"; 2) That Japan order the distribution industry to set up voluntary prospects for an increase in the number of stores which handle foreign products; and 3) That Japan order the sheet glass industry, including special contractors, to announce that "we will promote the liberalization of products we handle while keeping in close contact with the Ministry of International Trade and Industry [MITI]."

The proposal uses the word "prospects" instead of goals. It also calls on the sheet glass industry to voluntarily establish relations of cooperation with MITI. It is said that these are contrivances to avert criticism of numerical targets and forcible liberalization by government.

The Japanese Government has opposed the proposal, claiming it includes many demands that go beyond the authority of government. Nonetheless, Japan has only proposed the establishment of a joint expert panel comprising industrial officials and intellectuals.

Official Terms 19 Sep Talks 'Constructive'

OW1909135394 Tokyo KYODO in English 1339 GMT 19 Sep 94

[Text] Tokyo, Sept. 19 KYODO—Japan faced a U.S. demand to take deregulatory steps in four areas Monday during a working-level session on financial services under the bilateral "framework" talks, a Japanese official indicated.

The two sides discussed banking operations, bond underwriting, fund management, and cross-border trading, the Finance Ministry official said in a briefing on the five-hour talks. He declined to comment on details as it was agreed they would not be disclosed, but merely described the talks as "constructive."

The two sides also agreed not to comment on a one-hour meeting held prior to the working-level session between Japanese Vice Finance Minister for International Affairs Kosuke Nakahira and U.S. Treasury Undersecretary for International Affairs Lawrence Summers.

The subcabinet officials met to discuss financial services and macroeconomic issues, which are believed to have centered on Japan's tax reform promised by the year-end. They also attended the working-level session at the onset.

Concerning the tax issue, the U.S. is reportedly insisting that Japan has vowed to leave a three-year time lag after implementing multiyear tax cuts before raising the consumption tax to ensure economic recovery. But the Japanese ruling coalition parties are recently poised to shorten the time lag to two years, and Finance Minister Masayoshi Takemura said in recent press remarks that Japan only promised to wait until the economy recovers and not any definite number of years.

On financial services, the official said the working-level talks ended inconclusively and will meet again, though the schedule is still undecided.

The U.S. has been particularly urging Japan to allow foreign investment advisory firms to fully enter the Japanese pension market and to ease regulations on securities underwriting.

Working-level talks started in July 1993, but the U.S. side, aiming to conclude the talks by the year-end, pressed Japan this June to speed up negotiations by adding the area to the priority framework sectors.

The Japanese official conceded that the attendance by the subcabinet officials for the first time in past seven rounds of talks was intended to accelerate the negotiations. But while declining to comment on discussions over the deadline and the thorny issue of "objective criteria" for measuring market access, he suggested Japan is rejecting any U.S. demand on the two issues.

"Given the nature of discussions on financial services, energy is concentrated on how to promote deregulation," he said, adding, "It is not a matter of concluding at once by deciding on a certain point."

Japan has in fact promoted deregulatory steps, including the Finance Ministry's announcement last Friday to allow Japanese leasing and credit companies to issue asset-backed corporate bonds in overseas markets, the official said.

He noted that the U.S. side welcomed the latest move, and U.S. Treasury Secretary Lloyd Bentsen highly praised the move as opening the way for U.S. concerns to underwrite Japanese corporate bonds.

Japanese, U.S. Patent Applications Gap Cited

OW2009085794 Tokyo NIHON KEIZAI SHIMBUN in Japanese 18 Sep 94 Morning Edition p 3

[Unattributed article: "A Gap Exists Between Japan and the United States in the Number of Patent Applications"]

[Text] In the negotiations on intellectual property rights under the Japan-U.S. economic framework talks, on which a partial agreement was reached in mid-August, the United States repeated criticism that "it is difficult to file applications under the current Japanese patent system." In fact, patent applications from the United States account for only 5.6 percent of total patent applications in Japan. This figure, in a way, endorses the U.S. claim. As a result of the negotiations, Japan has promised the United States that it will accept applications written in English and shorten the screening period. However, with improvement of the patent system, will the number of U.S. applications in Japan increase?

The number of patent applications filed by the United States in Japan was only about 20,700 in 1991. On the other hand, the number of Japanese applications in the United States was approximately 39,000, accounting for 20 percent of the total applications in the United States. Although U.S. applications in Japan "have tended to increase over the last several years," Japan stands at an advantage in the absolute number and share, (as stated by the International Affairs Division of the Patent Office).

There are several causes for the gap between Japan and the United States in the number of patent applications in each other's country. One of them is a difference of the patent system, which was the focal point of the economic framework talks. Since the Japanese Patent Office has so far accepted applications only in Japanese, foreign companies have been required to translate their applications into Japanese before filing them. This also constitutes a "reason why U.S. inventors hesitate to file patent applications in Japan," according to the Patent Attorney Association.

Japan has adopted the system of accepting complaints by a third party during the screening period. Under the system, complaints such as "the invention should not be patented" are taken into consideration when screening patent applications. For this reason, the screening period in Japan is more than six months longer than that in the United States. Companies, which are eager to immediately obtain a patent to make the best use of it in their products, regard the longer screening period as an obstacle.

However, problems with the system are not everything. An executive of a major electric product maker said: "The difference between Japanese and U.S. companies in views on patents is a major factor." Since U.S. companies attach greater importance to patent applications for basic technology, the number of applications tends to be small. On the other hand, since Japanese companies' applications focus on peripheral technology rather than basic technology, the number of applications inevitably tends to be large.

Moreover, there is a tendency in Japan that the large number of applications is regarded as a "symbol" of companies' efforts toward research and development. I is said that "while the U.S. attitude on patent applications is regarded as a rifle which hits a target with the first shot, the Japanese attitude is regarded as a shotgun," (as stated by Osamu Ueno, research section chief of the Intellectual Property Institute). This creates a gap between Japan and the United States in the number of applications.

There is also a difference in export strategies. The number of U.S. companies' patent applications is large in Europe, which the United States sees as an important market for its exports. For instance, the number of applications filed by U.S. companies in Germany was approximately 22,000 (in 1991), exceeding that in Japan. The figure accounts for 20 percent of the total applications in Germany. There is a view that unless Japan becomes an important market for U.S. exports, U.S. companies will not be enthusiastic about filing patent applications in Japan.

On the other hand, since many Japanese companies "cannot ignore the United States as a market for their exports, they believe they have no choice but to file patent applications for technology which will be incorporated into their products," as stated by Giichi Marushima, managing director of Canon Inc. For this reason, many applications have been filed by Japanese companies in the United Stated.

Nevertheless, Japan has continued to suffer from a negative international balance of payments of patent royalties. On the contrary, the United States has rapidly increased exports since the late 1980's. It is believed that Japanese companies have paid a considerable amount of patent royalties to the United States mainly for computer-related technology.

It can be said that even though the Japanese patent system is improved to facilitate foreign inventors' filing applications in response to the partial agreement in the framework talks, "The number of U.S. applications in Japan will not drastically increase as long as there is a difference between Japanese and U.S. companies in patent strategies," (as stated by Mr. Ueno).

Takemura, Summers Discuss Macroeconomic Issues

OW2009080294 Tokyo KYODO in English 0747 GMT 20 Sep 94

[Text] Tokyo, Sept. 20 KYODO—Finance Minister Masayoshi Takemura met Tuesday [20 September] with a senior U.S. Treasury official to discuss macroeconomic issues and financial services, but the two agreed not to disclose details, a Finance Ministry official said.

However, Lawrence Summers, U.S. Treasury undersecretary for international affairs, is believed to have called on Japan to take further deregulatory measures in financial services and macroeconomics, including a promised tax reform led by multiyear income tax cuts.

Japanese Vice Finance Minister for International Affairs Kosuke Nakahira and U.S. Ambassador to Japan Walter Mondale were also present at the meeting, the official said.

In his speech earlier in the day at the Japan National Press Club, Summers said Japan must take further fiscal steps to attain strong growth driven by domestic demand in the still-weak economy.

Concerning tax reform, he said the U.S. has already made clear that Japan should wait for "some substantial time" until the economy recovers to "a level of output close to capacity" before raising the consumption tax.

Summers refused to comment on whether Japan had committed itself to a three-year time lag between tax cuts and the hike.

On financial services, Summers said the U.S. may review the most- favored-nation (MFN) status if Japan fails to open its financial market, adding that an agreement under the Uruguay Round of multilateral talks allows nations to review MFN status after six months.

U.S. 'Pressure' Felt

OW2009110494 Tokyo KYODO in English 1049 GMT 20 Sep 94

[Text] Tokyo, Sept. 20 KYODO—Finance Minister Masayoshi Takemura faced U.S. pressure Tuesday [20 September] on fiscal actions such as promised tax reform and on financial services during a meeting with a senior U.S. treasury official, a Japanese official said.

"We felt strong U.S. interest in Japan's macroeconomic issues...and his (Summers) determination to conclude Japan-U.S. talks on financial services," the official said during a briefing on Takemura's 50-minute meeting with U.S. Treasury Undersecretary for International Affairs Lawrence Summers.

The senior Finance Ministry official declined to comment on specifics but hinted Summers made demands similar to those contained in his speech earlier in the day at the Japan National Press Club.

Summers arrived in Tokyo on Sunday for a three-day visit along with working-level negotiators on financial services under the bilateral "framework" trade talks.

In his speech, Summers said Japan must take additional fiscal measures to attain strong economic growth driven by domestic demand.

On tax reform, he said the U.S. has already made clear that Japan should wait for "some substantial time" in raising the consumption tax until the economy recovers to "a level of output close to capacity."

Summers refused to comment on whether a widely reported three- year time lag between multiyear tax cuts and a consumption tax hike was a commitment made by Japan.

On financial services, Summers indicated the U.S. may review the most-favored-nation (MFN) trading status for Japan if it fails to open its financial market. He said an agreement under the Uruguay Round of multilateral trade talks allows for such a review.

Summers primarily pointed to Japan's tight regulations on foreign access to pension fund management and corporate bond underwriting.

Takemura told Summers that Japan remains committed to its promise for year-end tax reform, stressing a tax hike will not happen until the economy recovers, the official said.

The finance head also said Japan's economy is in a moderate recovery phase with bright spots spreading on the heels of the 5.5 trillion yen cuts in income and residential taxes limited to this year.

Takemura agreed with Summers on the need to conclude talks as early as possible not only for financial services but also for the insurance business.

Japanese Vice Finance Minister for International Affairs Kosuke Nakahira and U.S. Ambassador to Japan Walter Mondale also attended the meeting, the official said.

U.S., Israeli Appeal Against Aid to Iran Rejected

TA1909160394 Tel Aviv HA'ARETZ in Hebrew 19 Sep 94 p A3

[Report by Aluf Ben]

[Text] Japan rejects the U.S. and Israeli demand that it curtail its close economic ties with Iran and refrain from granting Iran a large development loan to finance the construction of a dam.

Japanese Deputy Foreign Minister Fukuda met with 'Amos Ganor, the Israeli ambassador in Tokyo, several days ago. The ambassador apprised the deputy minister of Israel's charges against Iran as a country supporting terrorism and striving to procure nuclear weapons. He voiced Israel's objection to the international community's granting credit to the Iranian regime. The Americans filed a similar request with the Tokyo administration some time ago.

Fokuda said that his government intends to continue financing the Iranian dam and that in Japan's view, the U.S. "containment" policy toward Iran will not achieve its purpose and will fail to bring about a change in Tehran's policy.

Auto Industry Warns U.S. Not To Impose Sanctions

OW2009000294 Tokyo KYODO in English 2347 GMT 19 Sep 94

[Text] Washington, Sept. 19 KYODO—The Japan Automobile Manufacturers Association (JAMA) warned Monday [20 September] that Japanese auto makers may end their cooperation with the U.S. auto industry if the United States imposes trade sanctions against Japan over auto trade disputes.

JAMA, a trade group which represents all of Japan's major auto makers, said in a letter to U.S. Trade Representative Mickey Kantor that it will also press the Japanese Government to take retaliatory measures.

The Japanese auto trade group issued a blunt warning ahead of renewed trade talks this week in Washington, that will seek to avert possible U.S. trade sanctions under the so-called "Super 301" authority.

Kantor, acting under President Bill Clinton's directive issued this spring, is due to announce by Sept. 30 whether the U.S. Government will formally charge Japan for unfairly impeding the U.S. auto industry in the Japanese auto market.

That step, provided under the "Super 301" authority Clinton revived last March, activates a negotiation process that, failing a settlement, would trigger unilateral U.S. trade sanctions against Japan.

In an open letter addressed to Kantor, William Duncan, head of JAMA's Washington office, said that such "trade confrontation and retaliation" would jeopardize business ties between the auto industries of the two countries.

"Trade confrontation between the United States and Japan over automotive trade issues will cause JAMA and its members to determine whether a continued industry level of cooperation is justifiable," the letter said.

Duncan also warned that the Japanese auto industry may halt future cooperative projects with the U.S. industry "until the violations of international law and policy are remedied."

Outlining the business stakes involved, the Japanese auto industry group released a study, together with Duncan's letter, to Kantor detailing the extent of "industry-to-industry" cooperation between Japanese and U.S. auto and auto parts manufacturers.

Japanese automakers, according to the JAMA study, have increased their purchases of U.S. auto parts more than sixfold between 1986 and 1993, from 2.49 billion dollars to 15.5 billion dollars.

Also, JAMA contends that Japanese automakers have sharply widened their business dealings with U.S. auto parts suppliers, which have jumped to 1,245 in 1993 from a mere 298 in 1986.

The JAMA study also points to brisk sales of foreign cars in Japan over the past year, noting that the share of foreign cars jumped to over 10 percent of the Japanese market in August, from a 7.6 percent average in the first eight months of this year.

In his open letter to Kantor, Duncan also contends that imposing unilateral trade sanctions under "Super 301" would violate international trade rules as provided under the General Agreement on Tariffs and Trade (GATT).

"The potential harm from such violations would be sufficiently serious to give JAMA little choice but to urge the government of Japan to take all appropriate steps to remedy such violations," Duncan said.

Duncan cited the pursuit of GATT rights to compensation, and tit- for-tat retaliation from Japan, as two potential steps the Japanese auto industry wants the Japanese Government to consider taking against Washington.

The Clinton administration is under strong pressure from Congress to cite Japan under the Super 301 authority over auto trade disputes, an industry sector that accounts for the bulk of Japan's enormous trade surplus with the United States.

Car imports from Japan totaled 21.58 billion dollars last year, versus 981.9 million dollars in U.S. car exports to Japan.

Science Chief, O'Leary Discuss Nuclear Assistance

OW2009021194 Tokyo KYODO in English 0144 GMT 20 Sep 94

[Text] Vienna, Sept. 19 KYODO—Japan's Science and Technology Agency chief Makiko Tanaka met U.S. Secretary of Energy Hazel O'Leary on Monday [19 September] to discuss the planned cancellation of nuclear technological assistance from Washington to Tokyo, Japanese officials said.

The U.S. Energy Department announced on Sept. 8 a phasing out of its technological assistance to Japan on plutonium reprocessing and fast breeder reactors, following the environmentalist group Greenpeace's condemnation of the assistance as an unlawful supply of technology.

O'Leary told Tanaka the United States does not intend to halt all of its nuclear technological assistance and wants to discuss the issue with Japan.

Tanaka told O'Leary that Japan will have reviewed the matter by the time O'Leary visits Japan, as early as 1995, they said.

Tanaka, daughter of late Prime Minister Kakuei Tanaka, has been in Vienna since Saturday to attend a general meeting of the International Atomic Energy Agency (IAEA).

She is scheduled to visit Switzerland on Tuesday and meet home affairs chief Ruth Dreifuss before returning to Tokyo by way of Geneva and Amsterdam.

DFAA Head's Remarks on U.S. Bases Criticized

OW1909122894 Naha RYUKYU SHIMPO in Japanese 17 Sep 94 Morning Edition p 5

[Editorial: "The Reaction of Prefectural Assembly Is Only Natural; Is There No Problem With the Position of the Government?"]

[Text] It looks as though the issues of U.S. military bases in Okinawa are moving toward resolution, but they are not actually moving. Twenty-two years have passed since Okinawa's reversion, but let's take a look around us. We cannot really see that there have been any substantial "reductions" or "changes" in the U.S. bases on Okinawa.

If one comes out of the Naha Airport, the gate of Okinawa, and drives into Naha, he will soon see the U.S. Military Sea Port on the left, and a Self-Defense Force base on the right. As he drives on from Naha City a little further, he will see the Futenma Marine Corps Air Station; then Kadena Airbase, the largest such airbase in the Far East; and the Chibana Aummunition Depot. Toward north there will be more Marine Corps bases and training grounds.

As regards the Naha Military Sea Port, talk about it being returned has been heard for some time, but it has not been realized. This is a very important area for economic development of the prefecture, as well as for improved living conditions for the residents of the prefecture, but there is no telling when it will be returned. If one wants to know what will happen to development of Okinawa if the military bases are returned, all he has to do is to look at development plans and projects that have been under way in the Ameku area in Naha after it was returned to Okinawa.

Why are the U.S. military base issues not really making progress toward resolution? Many residents of the prefecture have to live with this question.

When that was the state of condition, came the "remarks of Hoshuyama." Protests erupted against the remarks of Hoshuyama, director general of the Defense Facilities Administration Agency [DFAA], from across the prefecture instantly. The Naha City Assembly unanimously passed a resolution of protest.

According to a survey conducted by this newspaper of Prefectural Assembly members (38 out of 46 responded), almost all the assembly members severely criticized the remarks, saying "he does not understand the bases issues of Okinawa" or "the remarks rub the emotions of the prefectural residents the wrong way." Fourteen of the respondents called for Hoshuyama's resignation. It is so unusual that so strong voices of reactions and protest were raised against remarks of one bureaucrat. Chief Cabinet Secretary Kozo Igarashi had to say: "I will warn him severely. I will raise the issue at an informal cabinet meeting, and will call on bureaucrats to be more careful with their remarks." But it is questionable how effective that will turn out to be.

His Remarks Reflect the Government's Thinking

That is because we feel his remarks are not so different from the central government's basic position regardless of whether his high- handed remarks have caused such reactions and protests from the prefectural residents, and some of his remarks stem from inadequate understanding of history and misjudgment of the issues.

The most controversial part of his remarks was: "History has proven that Okinawa is at a strategically most important location in Asia as part of the world—if calling it a most strategically important location in the world is an exaggeration. In a stratigcally important location, defense facilities and military facilities are crucial. Regardless of whether one likes them or not, the need for them exists as a demand of the country. Given these unchangeable circumstances, we can go to the flip side of a coin, and can even say that this is an excellent location to provide bases. I hope you will take this advantage, and will try to live together and coexist with the bases, by accepting them."

His remarks are crystal clear. After the DFAA director general's remarks turned into an issue, he has given various supplemental explanations, but they are not meant to admit he made a mistake.

This way, the issues of the U.S. military bases on Okinawa can never be resolved fundamentally. After all, what he says is that since Okinawa is at an important location strategically and it cannot be changed, the people should live together and coexist with the bases. It is only natural that the residents of Okinawa should react and protest.

As long as bureaucrats with such thinking hold top government positions and take charge of the bases issues in Okinawa, it will be difficult to expect the base issues to be resolved as desired by the people of Okinawa.

When the base issues were being debated like this, Defense Agency Director General Tokuichiro Tamazawa, now in the United States on a visit, met with U.S. Defense Secretary Perry and requested U.S. efforts to readjust and merge bases on Okinawa and to ensure people's safety. The U.S. Government expressed intention of giving consideration to that request of the Japanese Government.

Address the Matter in an Appropriate Manner

We, residents of the prefecture, strongly request the U.S. Government to address these issues seriously. And we have a question in this connection as well. The question is—Is the Japanese Government really strongly calling on the U.S. Government to readjust and merge the military bases on Okinawa?

Kosuke Uehara, a member of the House of Representatives, who stopped over in Washington on his way home from Colombia after attending presidential inauguration ceremonies there as the special envoy of the government, met with officials of the U.S. Defense Department and State Department and members of the Congress, and asked for an early resolution of the issues of the U.S. military bases in Okinawa. At that time, the U.S. Government officials and Congress members are reported to have said: "We understand the circumstances well enough, but the Japanese Government would not make them an agenda item (for governmental negotiations). We can do nothing but to express sympathy."

If that report were true, then it would mean that the Japanese and U.S. Governments are not holding talks to resolve the Okinawan base issues fundamentally. Doesn't that prove that the Japanese Government is thinking the same way as DFAA Director General Hoshuyama is? That attitude of the government can be seen also from the fact that after Hoshuyama made the remarks, Defense Agency Director General Tokuichiro Tamazawa in reply to a question said: "The true intentions (of the DFAA director general) appear not to have been understood."

In this newspaper's survey on Hoshuyama remarks, many Prefectural Assembly members expressed their feelings saying "he does not understand Okinawa issues," "he does not understand emotions of the prefectural residents," "the remarks stem from discriminatory consciousness about Okinawa," or "he is looking down on the Okinawan people." The Okinawa residents probably feel the same way.

The controversy over the Hoshuyama remarks is likely to leave a trail. The matter should be resolved by looking into where the problem really is and by addressing it correctly—rather than by saying that true intentions have not been understood or that the remarks have been misunderstood.

Further Reporting on Tokyo's Bid for UNSC Seat

U.S. Official Cites Support

OW2009125794 Tokyo ASAHI SHIMBUN in Japanese 18 Sep 94 Morning Edition p 1

[Report by Yoichi Funabashi]

[Text] Washington, 17 Sep—Douglas Bennet, who is the assistant secretary for international organization affairs under the U.S. Department of State and who is in charge of U.S. policy affairs toward the United Nations, gave an interview to an ASAHI SHIMBUN reporter on 16 September. He disclosed the U.S. Government's decision to support the stand taken by the Murayama administration that Japan will seek a permanent seat on the UN Security Council [UNSC], conditional on not participating in any military activities including the use of force. Bennet also pointed out there is a view in the United States that Japan has "a historical reason to restrict" its military action, and its stand, formulated by such a historical lesson, "should be respected." He said:

"Japan can fulfill all obligations imposed on UNSC member nations even if it cannot or will not participate in military activities."

There has been a strong call in the U.S. Congress for a Japanese military contribution. For example, a resolution was adopted in the Senate saying both Japan and Germany's bid for permanent UNSC membership should not be accepted until both nations are willing to participate in UN peacekeeping operations (PKO), including military activities. Bennet is the first U.S. official to indicate the U.S. Government's approach differing from that of Congress to support Japan's stand on providing non-military contribution.

While noting it is "a top priority task" for the United States to have Japan and Germany join the UNSC so as to promote reform in the United Nations, Bennet said the greatest hope is that these two nations will obtain "perspective and experiences" as permanent member nations. He added that they will also be asked to provide more humanitarian and financial contributions after becoming permanent members.

Furthermore, commenting on Russia and China, which have not yet revealed their position on the two nations' bids for UNSC membership, he stated: "Japan and Germany should have bilateral talks with them respectively." Then he said the United States will "possibly" play a role as a mediator in the future to help them become permanent members, if necessary.

However, Bennet said the United States will temporarily defer making a decision regarding the question of giving a veto to new permanent member nations, but keep an eye on reactions from other counties.

He appraised UN Secretary General Butrus Butrus-Ghali's recent visit to Japan as "impressive and successful" because it gave the Japanese Government a chance to spell out its intention to seek a permanent seat on the UNSC.

Yohei Kono, deputy prime minister and concurrently foreign minister, will deliver a speech to call for the membership at the UN General Assembly to be held late September on condition that "Japan will clarify its stand on not participating in military activities with the use of force." This is a decision made by the Japanese Government.

While noting "it is Japan that should make a decision" whether or not to obtain a permanent seat, Bennet strongly supported its bid by saying "The United States shares the same idea and expectations" that Japan will participate in the UNSC to provide nonmilitary contribution as a permanent member nation.

Bolivia Posits Support

OW2009080794 Tokyo KYODO in English 0726 GMT 20 Sep 94

[Text] Tokyo, Sept. 20 KYODO—Bolivia voiced support Tuesday [20 September] for Japan's bid for a permanent seat on the UN Security Council, Japanese Foreign Ministry officials said.

In a meeting with Foreign Minister Yohei Kono, Bolivian counterpart Antonio Aranibar Quiroga called for UN reform, particularly the democratization and expansion of its Security Council, the officials said.

The Bolivian foreign minister also reportedly told Kono that it is inappropriate for Japan to remain outside the council.

Kono, who is to clearly state Japan's desire to win the powerful UN position before the UN General Assembly on Sept. 27, replied that Tokyo wants deletion of clauses in the UN Charter that define Japan as an enemy state, the officials said.

Articles 53 and 107 of the Charter state that enforcement action can be taken against any "enemy state" without the authorization of the Security Council.

The term "enemy states" refers to countries that lost World War II—Bulgaria, Finland, Germany, Hungary, Italy, Japan and Romania.

Kono's Speech to UN Approved

OW2009050694 Tokyo KYODO in English 0446 GMT 20 Sep 94

[Text] Tokyo, Sept. 20 KYODO—Foreign Minister Yohei Kono on Tuesday [20 September] won government approval of the outline of his planned announcement of Japan's wish to become a permanent member of the UN Security Council.

Kono, also deputy prime minister, now has discretion to decide the exact wording of his speech, to be delivered to the 49th UN General Assembly session in New York on Sept. 27, Chief Cabinet Secretary Kozo Igarashi said at a news conference.

It will be the first formal declaration of Japan's candidacy for permanent membership of the powerful UN Body.

At Tuesday's informal cabinet talks, Kono briefed other ministers on the gist of his UN address, particularly concerning Japan's bid to win the powerful UN Position, and heard their opinions, the top government spokesman said.

While declining to comment on Kono's account of his speech, Igarashi said the outline presented by the foreign minister was well in line with the government's position.

He said Kono will express Tokyo's readiness to contribute as a permanent council member in accordance with Japan's Constitution.

Kono, who will fly to the United States on Wednesday, has already revealed he will make clear that Japan wishes to obtain the permanent membership but cannot play a combat role due to the limits of its pacifist constitution.

Article 9 of Japan's 1947 Constitution forbids the threat or use of force as a means of settling international conflicts.

Since the United Nations' inception in 1945, the five victors in World War II—britain, China, France, the Soviet Union (now Russia) and the United States—have monopolized permanent council membership with veto powers.

In addition to the five permanent members, the council has 10 nonpermanent members rotating for two-year terms, chosen by region.

Editorial Supports Plan

942A0694A Tokyo ASAHI SHIMBUN in Japanese 11 Sep 94 p 5

[Editorial: "What Japan Will Do in the UN Security Council; '50 Years After the War, Searching for the Future'"]

[Text] "In the event of an international conflict, there is the question that cooperation with the UN Forces is an obligation to the United Nations. However, Japan's position on this particular point is clear. We can decline participation in military actions."

The foregoing does not represent the view of the recent government and ruling parties of Japan about conditions applicable when Japan becomes a permanent member of the Security Council.

In December 1956, during the Hatoyama administration, Japan became the 80th member of the United Nations. As Japan celebrated its restoration to international society, former Prime Minister Shigeru Yoshida made the foregoing statement in an interview with a newspaper.

A comparison between then and now indicates widespread differences in the international situation and conditions surrounding the United Nations and Japan. However, Yoshida's interview with the newspaper indicates that the issue of coordinating Japan's course and its responsibilities as a member of international society never changes with the passage of time.

The United Nations Is a Mirror of International Society

Next year will mark 50 years of Japanese postwar history, and the United Nations, which was born as a result of lessons learned from two World Wars, will also greet its 50th anniversary.

During this half century, Japan rose from the ashes of defeat as a peace-loving nation to become an economic power second only to the United States. It has become the world's leading aid issuer.

On the other hand, the United Nations, which began as an organization with 51 member nations, withstood the trials and tribulations of the East-West cold war, the Korean war, and the Vietnam war, and has now grown to a huge structure encompassing 184 member nations.

It is said that the United Nations is a "mirror that reflects international society."

When the United States and the Soviet Union divided the world in two and clashed at the height of the cold war, the Security Council did not function effectively. The reason was that the cold war cast its shadow on disputes no matter where they occurred, the five permanent members of the Security Council exercised their veto powers, and the Security Council was unable to make any effective decisions.

After it attained membership in the United Nations, the year in which Japan became a candidate and was elected as a nonpermanent member of the Security Council was typical of such years. The then-Japanese Ambassador to the United Nations Yasuharu Matsudaira's first utterances in the Security Council called for research on "ways and means to suppress the excessive use of veto powers" and "resolution of issues through negotiation and other peaceful means."

At just about the time it became a member of the United Nations, Japan was welcomed into the Asian-African Group and it was celebrating its escape from the status of a world orphan as it expressed itself in the manner quoted above to indicate its visions to the world.

Now, the cold war has ended and international society has undergone major changes. The role and expectations associated with the United Nations are in the process of changing.

Place Emphasis on the Causes of Conflicts

U.S. and Russian cooperation has facilitated the decisionmaking process in the Security Council. The United States, which has become the world's sole military super power, has advanced an important factor in opting to discard its burden as the world's policeman and seeking to resolve problems by using the United Nations and coordinating matters with Japan and Europe.

UN Secretary General Butrus Butrus-Ghali, who assumed office under such circumstances, used the support of the major nations to aggressively intervene in fast-rising regional disputes, while concurrently initiating UN reforms. A core issue in the reform process is the reorganization of the Security Council, where membership by Japan and Germany is now pending.

However, UN reforms are not limited to increasing membership in the Security Council. Moreover, it is not limited to the issue of whether Japan will become a permanent member of the council. Outstanding issues include the democratization of the United Nations and the strengthening of the Economic and Social Council as sought by 80 percent of the member nations of the Southern tier.

Professor Ronald Door of the University of London points out that the United Nations has accumulated bitter experience in the past two years in connection with turmoil in Somalia and the former Yugoslavia and refers to the "glaring gap between the ambitions and actual human and financial resources offered by the member nations to fulfill such ambitions."

That phenomenon can be considered a reflection of the skepticism toward recent UN policy. That skepticism is integral to a desire that the United Nations avoid siding with one element to a two-way dispute, and that it play the traditional role of peacekeeping organization, and devote more effort to poverty and differences between the haves and the have nots, which become the basis for disputes and social instability.

In such circumstances, the Liberal Democratic Party [LDP], Social Democratic Party of Japan [SDPJ], and New Party Sakigake [Harbinger]—the three ruling parties—reached an agreement on the contents of the UN speech to be given by Yohei Kono, deputy prime minister and foreign minister, the latter part of this month.

The agreement stated: 1) Take fundamental UN reform initiatives in order to cope effectively with environmental and poverty issues, global issues such as human rights, and the international situation in the post-cold war period; 2) Devote efforts to nuclear and conventional weapons reductions and military arms control as a nation which experienced the ravages of the atomic bomb and as an advocate of the three nonnuclear principles; 3) Clarify the stand that Japan cannot participate in military actions for the purpose of using military force based on constitutional doctrine.

We believe the assertions listed are proper. The issue is how we are to realize these goals. If we can adhere to these goals in a manner apparent to all concerned, the Japanese public's concern about the Security Council issue can be dispelled to a degree.

Crucial questions are what issues Japan wishes to tackle as a permanent member of the Security Council, how it intends to use the expanding influence resulting from such actions, and what sort of United Nations it wishes to create.

Among outstanding global issues are the proliferation of weapons of mass destruction and proliferation of weapons among developing nations. In reality, the five permanent member nations of the UN Security Council, who are also members of the nuclear club, are the foremost sources of such proliferation.

If there is to be any significance in Japan's membership in that group, Japan as a nation which resides at the opposite end of the spectrum from the five current permanent Security Council members with respect to nuclear weapons and weapons exports should exercise newfound wisdom appropriate to the post-cold war era in influencing the judgment and actions of the Security Council. Japan now confronts the real challenge of whether it can fulfill that role.

In connection with Prime Minister Tomiichi Murayama's visit to Southeast Asia, leaders of the visited nations expressed support for Japan's membership in the Security Council. However, we must be firmly mindful of the silence of South Korea and China on the same topic in view of the sensitivities still present in those nations about the history of military excursions by Japan into those nations.

Japan Should Use Its Natural Abilities

A recent issue of a foreign affairs magazine quotes a bureau chief of Singapore's Foreign Ministry as saying that Japan should exercise its natural abilities in the United Nations and in international society. If Japan should dedicate itself to pure collaboration with the five senior members of the Security Council, it will in effect betray the expectations of "Asian support."

Former Prime Minister Yoshida in the earlier quoted press interview said, "Only a few people were in favor of war," but "the fact that war was initiated before all were aware," is evidence that politicians were responsible for "not clearly stating what was necessary."

Additionally, he asserted, "We must clarify national policy, assume a posture which clearly conforms with the policy, and exercise the will power to demonstrate such a posture in leading the United Nations."

The question now posed is whether we can persevere in our national policies. The answer to that question is found in the answer to whether we have the conviction and strength to support such national policies in routine political and diplomatic endeavors.

UN Secretary General Butrus-Ghali will visit Japan on 11 September. The visit should provide a splendid opportunity for issuing messages from Japan along with the foreign minister's address to the United Nations.

British Foreign Secretary Hurd Arrives in Tokyo

OW1609144194 Tokyo KYODO in English 1412 GMT 16 Sep 94

[Text] Tokyo, Sept. 16 KYODO—British Foreign Secretary Douglas Hurd arrived in Japan on Friday [16 September] for a four-day visit through Monday on the last leg of his four-nation Asian trip.

Hurd will hold talks with Prime Minister Tomiichi Murayama and International Trade and Industry Minister Ryutaro Hashimoto on Monday.

He will also hold a regular consultation with Japanese Foreign Minister Yohei Kono the same day to discuss bilateral and international affairs, officials said.

Hurd flew to Japan from Hong Kong late Friday. Prior to Hong Kong, he visited Thailand and Vietnam.

Meets Prime Minister Murayama

OW1909042194 Tokyo KYODO in English 0348 GMT 19 Sep 94

[Text] Tokyo, Sept. 19 KYODO—British Foreign Secretary Douglas Hurd said Monday [19 September] he expects Japan will become a permanent member of the UN Security Council, Foreign Ministry officials said.

In a 35-minute meeting with Prime Minister Tomiichi Murayama, Hurd said reforms to the Security Council are still being discussed at the United Nations, but that Britain believes Japan will be selected as a permanent member, the officials said.

Murayama said suggestions by some that Japan is backpedalling on its request for permanent membership is a "misunderstanding," officials said.

The socialist prime minister told Hurd that Japan cannot take part in military activities involving use of force because of constitutional constraints, but that Japan wants to do what it can to tackle global problems such as famine, poverty, AIDS, drugs and problems relating to population growth and the environment.

He also reminded Hurd that Japan has been actively participating in UN peacekeeping operations in Cambodia and Mozambique.

Murayama was quoted as telling Hurd that Japan is sending some 400 members of the Self-Defense Forces (SDF) to Zaire to help Rwandan refugees. Hurd responded by congratulating the government for making a "difficult" decision to send SDF troops to Rwanda, the officials said.

On Friday, British Prime Minister John Major sent a letter to Murayama, thanking his administration for including Britain in its 100 billion yen project to promote peace and friendship with Asia and other nations to atone for Japan's atrocities during World War II.

The project, which Murayama hammered out on Aug. 31, aims at boosting exchanges between Japanese and the people of Asia and Britain.

In the letter, Major said Britain is still concerned about compensation for British prisoners of war (POW's), the officials said.

Last September, then Prime Minister Morihiro Hosokawa ruled out government compensation for former British POW's but said it was worth examining private measures to help them.

Murayama told Hurd compensating British POW's is a "delicate" problem but that Japan wants to maintain close contact with Britain to deal with the issue, the officials said.

Hurd, who is on the last leg of an Asian tour that included Thailand, Vietnam and Hong Kong, is scheduled to meet with Foreign Minister Yohei Kono later in the day.

Holds Talk With Hashimoto

OW1909044894 Tokyo KYODO in English 0425 GMT 19 Sep 94

[Text] Tokyo, Sept. 19 KYODO—Britain sought the Japanese Government's cooperation Monday [19 September] in helping British companies participate in the development of new phone services by Nippon Telegraph and Telephone Corp. (NTT), government officials said.

The request was made by British Foreign Secretary Douglas Hurd in a meeting with International Trade and Industry Minister Ryutaro Hashimoto.

British companies want to enter into capital participation in the NTT's project to introduce a new telephone service called the personal handy-phone system (PHS), Hurd was quoted as saying.

Hashimoto replied that although he will convey the request to the Posts and Telecommunications Ministry, the government is powerless in the matter, the officials said.

"The NTT is a private entity and the matter is not within government control," Hashimoto was quoted as explaining.

During the 45-minute meeting with Hashimoto, Hurd also asked Japan to take steps to ensure "an equal business footing" for British companies operating in this country, the officials said.

Hurd was conveying various requests made by British companies via the British Chamber of Commmerce and Industry in Tokyo, the officials said.

Hurd is here as part of a four-day visit to four Asian nations.

Encourages Cut on Whiskey Tax

OW1909111494 Tokyo KYODO in English 1017 GMT 19 Sep 94

[Text] Tokyo, Sept. 19 KYODO—Japan and Britain saw gaps Monday [19 September] on the issue of Japan's market access for whiskey during talks between British Foreign Secretary Douglas Hurd and Finance Minister Masayoshi Takemura, a Japanese official said.

Hurd renewed British pressure on Japan to further reduce its whiskey tax to facilitate market access, the Finance Ministry official said in briefing the 30-minute courtesy call by the British foreign secretary.

But Takemura countered by saying Japan is taking actions in line with an agreement to reduce tariffs and taxes under the Uruguay Round of multilateral trade talks, the official said.

He quoted Hurd as saying discrimination still prevails on whiskey with higher tax rate than that imposed on Japanese "Shochu" distilled spirits.

But Takemura noted the tax gap is gradually shrinking, the official said.

Hurd added Japan's imports are declining quantitatively, though Takemura explained that his ministry's statistics show imports are on the rise, the official said.

Hurd was also said to have called for further Japanese commitments in deregulation, particularly on foreign access to Japan's pension market and on the issue of British life insurance companies entering the Japanese market.

Takemura said he well understood the issues, while explaining that Japan is committed to those deregulatory measures.

Hurd is in Japan as part of visits to four Asian nations.

Meets With Kono for Talks

OW1909121194 Tokyo KYODO in English 1157 GMT 19 Sep 94

[Text] Tokyo, Sept. 19 KYODO—British Foreign Secretary Douglas Hurd and Foreign Minister Yohei Kono agreed Monday to promote bilateral cooperation on global problems, Foreign Ministry officials said.

In the 90-minute, regular foreign ministerial meeting between Britain and Japan, Hurd repeated Britain's support for Japan's efforts to become a permanent member of the UN Security Council [UNSC], the officials said.

Kono agreed to Hurd's suggestion that Britain and Japan should study areas for promoting cooperation on global issues, such as offering aid to third countries including South Africa.

Hurd offered British cooperation, if required, for the Japanese Self-Defense Forces personnel to be dispatched to Zaire to help Rwandan refugees, since there are 600 British troops in Kenya, the officials said.

They added that both ministers also agreed to expand exchanges of personnel between the two nations.

Turning to Japan's bid for a permanent seat on the UN Security Council, Hurd told Kono it is "natural" for Japan to obtain the seat when the council is expanded, the officials said.

He was quoted as saying Britain is convinced Japan could make great contributions as a permanent member.

Kono told Hurd that Japan has been making financial contributions to UN activities up to now, but that it is ready to also contribute to the international community as a permanent member of the council, within the limits of Japan's Constitution.

Kono said he will outline the Japanese position in his upcoming speech to the UN General Assembly on Sept. 27.

Touching on the problems of British prisoners of war (POWs) held by the Japanese in World War II, Hurd reportedly told Kono that although the governments of Japan and Britain have agreed to rule out government compensation for the former POWs, it is still a "delicate" problem in Britain, with strong feelings on the issue lingering.

He was quoted as saying private sector organizations in Britain have recently begun studying measures to help the former POWs, such as offering medical aid.

British Prime Minister John Major had sent a letter to his Japanese counterpart Tomiichi Murayama on Friday, citing Britain's continued interest in the problem, and Kono said Japan would maintain close consultations with the British Government about the issue, the officials said.

Last September, Major and then Prime Minister Morihiro Hosokawa ruled out government compensation for British former POWs but agreed it is worth examining private measures to help them.

Hurd is on the last leg of his four-nation Asian tour that took him to Thailand, Vietnam and Hong Kong.

Article Urges Economic Cooperation With Russia

942A0609A Tokyo EKONOMISUTO in Japanese 12 Jul 94 pp 84-87

[Article by Kazuo Ogawa, director of the Russia-East Europe Economic Research Institute: "Reasons To Stress the Importance of Russo-Japanese Economic Relations Now; When Relations Are Low-Key, a Fair Valuation of Them Becomes All the More Important"]

[Text] *Russo-Japanese relations tend to be at the mercy of a political issue—the unsettled territorial dispute. However, from a long-term viewpoint, economic exchanges are the very thing that is needed for the relations, especially now when Japan is at its height of evaluation.*

Economic Exchanges Represent Mainstream

Because of the existence of the issue of reversion of the northern territories, people in general tend to concentrate their concerns on the political issue of Japan and the old Soviet Union or Russia relations and fall into a fruitless conclusion that, as long as the territorial issue remains unsolved, the other aspects of relations do not deserve serious discussions.

However, we should recognize that economic and trade exchanges are really the most wide-ranging, dynamic, and effective contacts of all interchanges in relations between the two countries since the end of World War II. The case of personnel exchanges for instance, the most active mutual contacts have been those related to business activities. Those activities are not related to sports or entertainment, much less to political field. Today, when the relations between the two countries are moving in an extremely low-key manner, I think it necessary for both Japan and Russia to give high regard to the importance and effectiveness of economic and trade exchanges and to put a fair valuation on these exchanges. Because political and economic situations within Russia are in extreme confusion, we are apt to believe that Russia's external relations, too, are in stagnation; however, this view is wrong. This is clear when we take a look at the remarkable development of Sino-Russian relations. The amount of Sino-Russian trade in 1993 took a bold leap and reached $7.7 billion in export and import ($7.4 billion according to Russian trade statistics), registering a sharp 31-percent increase over the previous year. In late May, Russian Premier Chernomyrdin made an official visit to China and agreed with the Chinese leadership to further expand Sino-Russian trade, giving a strong impression internationally about closer relations between the two countries. An agreement was also reached that President Jiang Zemin would visit Russia.

Russo-Japanese relations, too, have shown a considerable recovery as is to be described later, and there are many promising large, medium-sized, and small economic cooperation projects. We should not overlook continuing undercurrent efforts to realize those projects. Let me refer to the "Sea of Japan Rim Economic Bloc" aimed at multilateral international economic exchanges and cooperation among nations and areas embracing the Sea of Japan like their inland sea. Various tasks of this bloc have already passed the planning period and have been entering the stage of practical implementation.

Urban and rural prefectures along the coast of the Sea of Japan are eagerly tackling the task of the "Sea of Japan rim economic exchanges." Hokkaido is actively engaged in exchanges with the Russian Far East, particularly with Sakhalin Oblast (which includes the four northern islands) and Kamchatka Oblast. Small Russian fishing boats fully loaded with crabs and sea urchins enter fishing ports in various areas of Hokkaido almost daily and unload them in markets. On their return trips, these boats take on household electric appliances, daily necessaries, and used passenger cars, and recently they purchase and ship perishable foods, vegetables, and fruit. Over 3,000 large and small Russian ships touch at ports in Hokkaido annually, and the dependence of Sakhalin and Kamchatka Oblasts on the Hokkaido economy has increased considerably. On the other hand, for Hokkaido as well, the importance of trade with these areas is increasing. The Hokkaido government is scheduled to establish a permanent office in the city of Yuzhno Sakhalinsk (the capital of Sakhalin Oblast) to cope with these conditions (the office is slated to open on 12 July this year).

The term "internationalization" of the economy became outdated long ago among people, and such terms as "globalization," "borderless economy," and "local economic bloc" are now used briskly. When we see the actual status of economic exchanges between the Russian Far East region and Hokkaido, we feel that these terms, which indicate new phenomena of the international economy, are applicable to these two areas respectively.

From the middle to the latter part of the 1970's in the past, Japan and the Soviet Union had a very active economic relationship, and their mutual trade increased conspicuously in that era. To provide for impending worldwide shortages of resources, Japan set the task of diversifying resource-supply sources as its "national project" and sought to achieve cooperation with the Soviet Union in jointly developing abundant natural resources lying idle in Siberia and the Far East region. The Japanese Government extended large bank loans amounting to $950 million in two Japanese-Soviet joint development and cooperation projects that were actually begun in 1974 (the "South Yakutia Coking Coal Development and Cooperation Project" and the "Second Far Eastern Forest Resources Development and Cooperation Project"). Stimulated by these measures, the Soviet Union purchased large quantities of materials and equipment used for development from Japan, thereby leading to an increase in Japan's exports to the Soviet Union.

Under the circumstances where the Japanese economy became very stagnant in the wake of the first oil crisis (1974), the business deals proposed by the Soviet Union to import large quantities of large-caliber steel pipes and large petrochemical plants were indeed comparable to a welcome rain during the dry season. In the cause of taking measures to stimulate the domestic economy, the Japanese Government supplied equally large bank loans to the Soviet Union and closed the deals successfully. Japan's iron and steel industry reportedly caught its breath and hundreds of machine industry-related companies retained jobs.

Now, turning to the present situation, the Japanese economy is gasping amid an unprecedented slump, and the way out of the slump is not yet in sight. If Japan and Russia can get several pending cooperation projects started, the projects will certainly serve as considerably favorable factors in reviving the Japanese economy. I would like to repeatedly stress the need for both the Japanese Government and private industry to concentrate serious efforts on Russo-Japanese trade development.

Tone of Recovery Indicated

Trade between Japan and Russia peaked in 1989 ($6.1 billion in export and import trade: Japan exported $3.1 billion and imported $3 billion) and then decreased sharply for three consecutive years from 1990 to 1992. Prospects for the future of Russo-Japanese trade were increasingly pessimistic, with the combination of the following factors: confusion and sluggishness in the Russian economy, haphazard changes in the export-import system in Russia, a growing number of unpaid bills and habitual defaults on payments for commodities exported by Japanese enterprises (arrears once amounted to as much as about $1.5 billion), and Japanese enterprises' tilt toward the Chinese market.

However, Russo-Japanese trade showed a conspicuous revival in 1993 with Japan's exports increasing by 39.4 percent over the previous year to about $1.5 billion and its imports also expanding by 15.2 percent to about $2.77 billion. The tone of increase continued into 1994 with Japan's exports to Russia in the January-March quarter increasing by 5 percent over the same period of last year and its imports rising by 3.4 percent.

Exports to Russia expanded sharply in 1993 on the following grounds: "Trade insurance"—the most important pillar of the Japanese Government's economic assistance to Russia—was applied to the exports of machines and equipment as well as steel pipes for use in rebuilding the natural gas industry in western Siberia, thereby resulting in export contracts amounting to $700 million. It is evident that the Japanese Government's economic assistance to Russia is playing a large role in the Russo-Japanese trade.

Exports of household electric appliances (television sets and video recorders) and passenger cars—major items shipped to Russia in recent years—were rather dull in 1993. As for imports from Russia, the flow into Japan of fishery products, timber, and aluminum increased considerably. As a single category, fish topped the list of import items with the amount reaching $710 million in 1993. On the other hand, imports of coal and platinum decreased.

It should also be noted that the scale of so-called "trilateral transactions," which are not reflected in Russo-Japanese bilateral trade statistics, has become quite large. These transactions are practiced by Moscow branches of Japan's general trading companies. In these transactions, for example, the branches export steel materials produced in Russia to Southeast Asia and import various consumer goods in return. It is said that, on average, a general trading company handles items worth hundreds of millions of dollars annually.

Trade with the CIS (Commonwealth of Independent States) nations other than Russia and trade with the three Baltic nations are also increasing remarkably (see the table). Particularly, trade with Ukraine, Belarus, Kazakhstan, Uzbekistan, Turkmenistan, and three Baltic nations are expanding noticeably.

Since the beginning of 1993, the Japanese Government has admitted the application of the ODA (official development assistance) to the five Central Asian nations. Due in part to this, mutual personnel exchanges aimed at vitalizing economic interchanges are extremely active. Government and private-sector economic inspection teams from Japan are visiting Central Asian nations almost every month, and important persons from various Central Asian countries are also visiting Japan incessantly. Kazakhstan President Nazarbayev officially visited Japan in April this year and Uzbekistan President Karimov, in May.

Requests by Central Asian nations to Japan for economic cooperation are really large, and Japan needs to respond to them actively. Central Asian nations are rich in undeveloped natural resources and also abound in cheap labor.

Heightening Appreciation of Japan

There are many factors which have enormous potentials for contributing to the expansion of economic and trade relations between Japan and Russia. First of all, we can point out a heightening appreciation of Japan by Russia since President Yeltsin's visit to Japan in the fall of 1993. In the situation where various Western nations seem to be tired of economic assistance to Russia, Japan's economic assistance has brought considerable results, and Russia is rating highly the assistance given by Japan, particularly in rearing competent workers and promoting midsized and small enterprises.

Improvement of Japan's rating naturally leads to expectations for better economic relations with Japan. During his visit to the northern Far East area a year ago, Premier Chernomyrdin exposed his ignorance and lack of understanding about Japan by showing a hard-line position toward Japan regarding issues including the territories question. Early this year, this same premier invoked a 10-item instruction which called on relevant government ministries, agencies, and organs to review pending economic cooperation projects with Japan primarily in the Far East region with a view to firming up the projects. Among them are the "Fourth Far East Forest Resources Development Project," the "continental shelf oil and natural gas development project in the waters off Sakhalin," and other promising projects that will have impact on enlarging Russo-Japanese economic and trade relations. There are expectations for the early start of those projects, and it is not necessarily true to say that no bright prospects are seen.

It is an urgent task to improve infrastructure such as ports, railways, airports, and communications networks in the Russian Far East. It is also necessary to hastily implement urban infrastructural consolidation such as the modernization of power stations and the construction of new hotels. Many requests are also made by the Russians for establishment of joint ventures with regard to the processing of marine products and timber. The largest problem is the extreme investment shortages in Russia, and this is why expectations are concentrated on monetary assistance from Japan. In this respect, too, Japan needs to take responsive measures from a long-term viewpoint.

With an eye to coping with the development of the Sea of Japan Rim Economic Bloc, it is also necessary to expedite relevant measures. Production factors are very different among respective countries and areas which constitute this economic bloc such as Japan, the ROK, North Korea (DPRK), the three northeastern provinces in China, and the Russian Far East region. On this score, there is a large possibility of forming a vertical division of labor. At the same time, it is expected that large, midsized, and small multinational economic cooperation projects which operate on various scales and cover various fields will be materialized among respective countries and areas. Typical of them are the "Tumen River (Tuman-kang in Korean) Development Plan" and the "new construction program for the Amur automobile bridge between Blagoveshchensk and Heihe." The former is being given a role comparable to a trump card, that is, a role of preventing the international isolation of North Korea, a destabilizing factor in the entire area of Northeast Asia, and of helping the country make a so-called "soft landing."

Japan is an economic power with over 90 percent of the GNP of the Sea of Japan Rim Economic Bloc, and because of its position as a nation with abundant capital and both high and intermediate technologies, Japan is asked to participate actively in the exchanges and cooperation in this economic bloc. And this role of Japan and Russo-Japanese economic relations are correlated because, when Japan fulfills the role, it inevitably leads to the expansion of relations.

It is also necessary to turn attention to the fact that Russia does not necessarily lack the paying ability because it carries large surpluses in trade with foreign countries. The problem is the present government's inability to control settlements of accounts with foreign countries. Imports not reflected in import statistics are presumed to amount to $5 billion to $10 billion, and foreign money illegally deposited in banks chiefly of West European nations is estimated to exceed $40 billion (No. 7, 1994 issue of EKONOMICHESKIYE NOVOSTI). This is the problem. The Russian Government is now studying concrete measures to legitimately get such foreign currency to flow back into its country. When this is achieve, Russia's payment capability will increase considerably.

Assistance Should Be Concentrated on Far East

The Japanese Government carries out its economic assistance to Russia through the following three

1993 Exports, Imports Between Japan, Former Soviet States (Unit = $1,000)

	1-12 '92 Exports, Imports Total	January-December 1993				% Previous Period		
		Exp-Imp Total	Export	Import	Balance (▲=Excess Imports)	Total	Export	Import
Russia *	3,479,722	4,270,018	1,500,792	2,769,226	▲1,268,434	122.7	139.4	115.2
Ukraine	103,267	167,625	61,467	106,158	▲ 44,691	162.3	148.0	172.0
Belarus	5,710	10,120	4,729	5,391	▲ 662	177.2	90.5	1,111.2
Kazakhstan	41,117	95,675	57,812	37,863	19,949	232.7	209.7	279.4
Uzbekistan	21,850	57,752	20,145	37,607	▲ 17,462	264.3	155.7	422.0
Tajikistan	11,831	11,576	393	11,183	▲ 10,790	97.8	54.5	100.7
Kyrgyzstan	153	97	34	63	▲ 29	63.4	23.7	567.4
Turkmenistan	9,101	13,691	8,318	5,373	2,945	150.4	128.0	206.6
Armenia	499	64	64	—	64	12.8	32.4	—
Moldova	179	888	213	675	▲ 462	496.1	251.6	707.6
Azerbaijan	16,023	7,941	5,929	2,012	3,917	49.6	39.0	250.1
Georgia	6,062	5,792	1,980	3,812	▲ 1,832	95.5	39.9	348.0
CIS TOTAL	3,695,514	4,641,239	1,661,876	2,979,363	▲1,317,487	125.6	139.4	119.0
Estonia	8,692	13,728	6,615	7,113	▲ 498	157.9	323.0	107.1
Latvia	17,738	20,720	1,668	19,052	▲ 17,384	116.8	96.2	119.0
Lithuania	15,357	45,486	8,531	36,955	▲ 28,424	296.2	235.6	314.9

Note * Jan. 1992 = exports, imports of Former Soviet Union
Source: Russia-East Europe Economic Research Institute

Table 1 FY93 Financial Reports of City Banks (Unit = 100 mil yen, %)

	Net Bus. Profit	Current Profit	Current Term Profit	Net Worth/Capital	Profit Stock Sales	NPA Written Off	Transfer Special Bad Loan Acct.	Loan Write Offs	Losses Sales NPA to CCPC	Latent Profit Security	General Loan-Loss Reserve	Special Bad Debt Acct.	NPA	Loans		NPA
														Bankrupt Borrowers	Delayed Interest Loans	Loan Bal.
Dai-Ichi Kangyo	2,366 (▲0.8)	376 (▲64.3)	324 (▲38.9)	9.40 (9.36)	1,678 (1,492)	2,710 (1,809)	866 (94)	196 (160)	1,668 (1,666)	14,794 (1,496)	1,023 (▲22)	2,172 (636)	13,272 (216)	2,440 (199)	10,831 (16)	3.9 (3.8)
Sakura	2,074 (▲23.6)	629 (▲43.3)	348 (▲23.2)	9.60 (8.96)	2,704 (2,661)	3,119 (2,288)	1,262 (696)	81 (27)	1,806 (1,666)	19,396 (1,846)	1,096 (▲17)	2,460 (1,203)	14,688 (1,022)	2,663 (636)	12,036 (386)	4.0 (3.7)
Fuji	3,621 (16.6)	526 (▲44.2)	267 (▲13.9)	9.66 (9.26)	49 (43)	2,377 (1,064)	916 (▲111)	160 (83)	1,302 (1,082)	13,617 (3,868)	953 (▲18)	3,728 (863)	11,881 (470)	2,179 (273)	9,702 (196)	3.7 (3.6)
Mitsubishi	2,835 (▲16.7)	630 (▲51.7)	294 (▲37.4)	9.66 (9.12)	944 (911)	1,672 (637)	606 (▲93)	119 (60)	948 (670)	16,906 (1,938)	939 (▲9)	1,692 (394)	6,727 (702)	1,582 (302)	4,146 (400)	1.8 (1.6)
Asahi	1,654 (13.1)	306 (▲51.2)	207 (▲1.3)	9.60 (9.22)	1,562 (1,283)	2,488 (1,903)	436 (▲30)	40 (26)	2,013 (1,907)	10,658 (1,426)	616 (▲7)	1,339 (389)	4,991 (178)	1,086 (228)	3,904 (▲49)	2.4 (2.3)
Sanwa	3,580 (▲3.3)	896 (▲54.1)	523 (▲22.1)	9.94 (9.43)	433 (203)	2,424 (1,466)	824 (16)	66 (28)	1,636 (1,422)	16,738 (3,661)	1,016 (▲44)	1,987 (644)	9,098 (1,266)	1,337 (468)	7,760 (797)	2.7 (2.2)
Sumitomo	3,022 (▲11.6)	726 (15.3)	333 (137.8)	9.89 (9.37)	689 (362)	2,283 (101)	922 (▲26)	178 (▲866)	1,183 (991)	14,076 (3,203)	1,044 (▲18)	2,637 (749)	11,127 (697)	1,690 (283)	9,436 (413)	3.2 (2.9)
Daiwa	702 (▲2.3)	396 (▲0.6)	130 (▲22.6)	9.40 (9.37)	1,118 (743)	1,088 (747)	696 (398)	23 (▲3)	470 (352)	7,322 (1,218)	331 (7)	1,000 (604)	3,632 (616)	1,316 (679)	2,316 (▲64)	3.1 (2.6)
Tokai	1,802 (▲3.4)	362 (▲48.7)	207 (▲0.5)	9.49 (8.97)	2,999 (2,728)	3,626 (2,679)	477 (▲229)	166 (116)	2,984 (2,792)	9,076 (▲134)	613 (▲24)	2,037 (346)	7,681 (▲606)	1,224 (▲106)	6,467 (▲600)	3.8 (4.0)
Hokkaido Takushoku	320 (▲17.7)	57 (▲69.2)	41 (▲46.9)	9.20 (9.09)	1,073 (826)	1,119 (804)	814 (628)	210 (96)	90 (80)	2,224 (▲366)	223 (▲2)	1,349 (788)	6,080 (1,493)	804 (110)	4,276 (1,383)	6.8 (4.7)
Bank of Tokyo	1,861 (▲8.6)	734 (▲1.3)	604 (17.0)	10.37 (9.66)	28 (▲194)	483 (▲ 316)	333 (▲223)	28 (▲214)	122 (122)	6,873 (2,028)	376 (▲3)	820 (▲78)	2,666 (▲860)	366 (▲308)	2,301 (▲642)	2.3 (3.0)
Total	23,822 (▲6.3)	6,631 (▲41.6)	3,183 (▲13.4)	- (-)	13,277 (11,038)	23,389 (13,172)	8,043 (1,019)	1,236 (▲496)	14,117 (12,666)	129,683 (20,086)	8,228 (▲166)	21,021 (6,423)	89,748 (5,193)	16,681 (2,767)	73,167 2,436	3.3 (3.1)

[NPA = nonperforming assets; CCPC = Cooperative Credit Purchasing Co.]
Notes: 1. Second line of current term profit = change over 3/93. 2. Ratio of net worth to capital is final figure; second line is for the fiscal term 3/93. 3. Second line of ratio of nonperforming assets to loans is for fiscal term 3/93. 4. Second lines other than those in notes 1-3 above are changes over fiscal term 3/93. 5. Daiwa's nonperforming assets account includes the trust bank account.

methods: 1) humanitarian assistance (urgent grant-type aid through the supply of foodstuffs and medical items); 2) intellectual and technological assistance (the training of workers, consulting services by experts, and the development of midsized and small enterprises); and 3) monetary assistance.

As already stated, Russia gives a high rating to Japan's intellectual and technological assistance. Some tend to attach importance to the effect of humanitarian assistance, but its amount is small with $100 million used thus far. Aid amounting to $50 million was extended to the Far East region as a central target. When this amount was divided by the population of the area, the sum each person received was far below $10, an equivalent to merely a single meal or so.

It is monetary assistance that is directly related to the expansion of economic relations between Japan and Russia, and the Japanese Government sets a framework of about $4.5 billion, a combined amount of the trade insurance and the export credit of the Export-Import Bank of Japan. Of this amount, about $1 billion were used, and trade insurance was applied to the export to Russia of $700 million worth of machines, equipment, and steel pipes for use in the development of natural gas.

Neither trade insurance nor the export credit can be utilized until a contract for exports to Russia from Japan is concluded. The Russian side cannot use these funds freely. Therefore, these two are strictly regarded as monetary assistance designed to expand trade between Japan and Russia.

Future economic assistance to Russia needs to be concentrated on the Far East region. The Far East region is far away from the heartland of Russia and is an underdeveloped area where both the levels of economic development and living standards are quite low. In view of this area situated extremely near Japan, it is natural for Japan to follow the line of concentrating its assistance on this region. Japan needs to take every opportunity available to clearly explain this basic line to the international society and Russia and make them understand that this line will contribute greatly to the peace and prosperity of Northeast Asia.

Analysis of FY93 Results of 21 Leading Banks

942A0561A Tokyo KINYU ZAISEI JIJO in Japanese 6 Jun 94 pp 28-32

[Article by reporter Tetsu Oda: "FY93 Financial Reports of City, Long-Term Credit, Trust Banks Show Lower Current Profits, Write-Offs Top Concern. Banks Turn Corner in Disposing of Nonperforming Assets, But Large Outstanding Balance Still Remains"]

[Text] *By 27 May [1994], FY93 financial statements for the 21 leading city, long-term credit, and trust banks were out. All banks, expect for trust banks, had reduced their nonperforming assets since the first-half of the fiscal year. Down 1.3 percent, nonperforming assets totaled 13.5755 trillion yen. Lowering profit levels enough to insure dividends and selling off stocks to realize latent profits, banks have taken aggressive steps to write off their nonperforming assets. During this fiscal term, nearly every bank* *posted a drop of close to 30 percent in current profits compared to the year before.*

City Banks

Earnings Influenced by Interest Rate Projections

In an about-face, net business profits for city banks, previously on the rise, declined for the first time in three years, dropping 5.3 percent over the previous term to 2.3822 trillion yen. The decline was due to lower profit margins for nearly all banks. The reason, according to one accounting department official at a top-ranking city bank, was that fund raising costs had dropped "as far down as they could go," and in this connection, banks were seeing a "steady decline" in their investment yields, including their loan interest earnings. Except for Daiwa Bank, loan balances were also down for the other 10 major city banks and, for the first time in 30 years, were on the decline for all city banks in general.

The largest drop in profits was posted by Sakura Bank. With a profit margin that was down to 0.17 percent, better only than Hokkaido Takushoku Bank's, which was a negative margin, Sakura Bank saw the worst drop in profits, down 23.5 percent from the previous year, of any of the city banks.

In the midst of a general drop in profits, only Fuji Bank and Asahi Bank showed two-digit increases in their profits compared to the year before. This was due to both banks' having made money from the sale of securities before the end of 1993, while the securities market was still relatively bullish. While nearly every bank saw profits from their international operations suffer, Fuji Bank was able to break away from the crowd and realize higher profits here, too. As a result, Fuji Bank was able to push ahead of Sanwa Bank, which ranked first last year in net business profits, thus robbing the latter of its third consecutive crown in the profit (net business profit, current profit, and current term profit) race.

That Fuji Bank closed its books showing higher profits can probably be seen as the result of its accuracy in predicting interest rates during this last fiscal term. In this connection, while all other banks except the Bank of Tokyo came out with losses in interest-rate swaps (when two parties exchange interest rates, the difference between the interest on the instrument a bank receives and on the instrument that has been exchanged for it), Fuji Bank came out ahead by 21.8 billion yen. It would be hard to judge the skill of a bank at asset liability management (ALM) on the basis of such swaps alone, but the least that can be said is that such swaps did, in fact, boost Fuji's net business profits this term.

In an earning environment that is very much the same for all banks in terms of their regular business operations, swap transactions, which are essentially carried out with a view to hedge risks, can have a fortuitous outcome on net business profits and, in that sense, the difference in the way city banks read interest rate trends was accurately mirrored in their final earnings statements.

Purchasing Company Takes Leading Role in Write Offs

The aggressive write-off of nonperforming loans has resulted in over a 40 percent drop in current profits over the previous year. Almost every bank has also suffered a drop in their current term profits as a result.

The banking law requires banks to put aside revenue reserves for 20 percent of their cash dividends. In other words, if their pay-out ratio is 83.3 percent or higher, they will have to use up almost all of their current term profits. In fact, as indicated in their financial statements, with the exception of the Bank of Tokyo and Sanwa Bank, the pay-out ratios for the major city banks were all generally over 80 percent (in Asahi Bank's case, it was 78.3 percent), Hokkaido Takushoku leading the list with a pay-out ratio of 133.6 percent. The picture that emerges from only this view of their pay-out ratios is one that profit levels have been dropped to the point where dividend funds are just barely sufficient and whatever remains is applied toward the write-off of nonperforming loans.

After postponing profit taking in 1992, all banks, with the exception of Fuji Bank and the Bank of Japan, realized latent profits from their stockholdings this past fiscal year. Profits from the sales of stocks and other holdings for all city banks collectively totaled 1.3277 trillion yen. It would be safe to say that nearly the entire amount was used to write off nonperforming assets. While maintaining dividends and also avoiding a deficit balance, many banks "wrote off whatever they could," says a leading city bank accounting director.

In fact, all together, city banks wrote off a total of 2.3389 trillion yen in nonperforming assets, nearly 2.3 times the amount written off last year. This total includes all transfers to special "bad debt" accounts, loan write-offs, and losses from the sale of bad debts to the Cooperative Credit Purchasing Co. This latter accounted for 60 percent of the total. According to an informed source, "Without this purchasing company, we wouldn't have gotten as far as we have in terms of writing off our bad loans." "Just thinking about it," he admits, "is enough to send shivers down one's spine." As he indicates, this purchasing mechanism seems to be playing a major role in the disposal of nonperforming assets.

In fiscal 1993, tax-free write-offs, which accounted for roughly 60 percent of all write-offs last year, appear now to account for 80 percent. According to a Ministry of Finance Banking Bureau source, "[Our] flexible approach to write-off criteria is beginning to show results." Pointing to another explanation, a planning director at a leading city bank, says: "If we began writing off the taxable portion [of our assets], no matter how big our profits are, they still wouldn't be enough, and we

Table 2 FY93 Financial Reports of Long-Term Credit Banks (Unit = 100 mil. yen, %)

	Net Bus. Profit	Current Profit	Current Term Profit	Net Worth/ Capital	Profit Stock Sales	NPA Written Off	Transfer Special [illegible] Acct.	Loan Write Offs	Losses Sales NPA to CCPC	Latent Profit Securities	General Loan-Loss Reserve	Special Bad Debt Acct.	NPA	Loans Bankrupt Borrowers	Delayed Interest Loans	NPA / Loan Bal.
Industrial Bank of Japan	1,331 (▲26.9)	433 (▲44.3)	289 (▲7.2)	9.10 (8.87)	992 (433)	1,308 (619)	730 (267)	29 (▲161)	549 (403)	21,180 (2,614)	711 (▲24)	1,536 (596)	5,359 (▲44)	748 (▲224)	4,639 (180)	2.3 (2.2)
Long-Term Credit Bank Japan	1,217 (▲6.6)	420 (▲30.9)	260 (▲0.3)	9.46 (9.09)	2,670 (1,930)	2,660 (1,919)	1,726 (1,311)	186 (156)	638 (452)	12,659 (7)	597 (▲3)	2,349 (1,644)	7,480 (297)	1,432 (332)	6,017 (▲35)	3.8 (3.7)
Nippon Credit Bank	1,127 (24.1)	209 (▲26.6)	132 (▲0.6)	9.20 9.00)	1,105 (787)	1,600 (1,068)	426 (82)	21 (16)	1,161 (961)	4,963 (▲342)	323 (▲9)	1,049 (382)	6,040 (121)	623 (▲136)	5,416 (266)	5.6 (5.3)
Total	3,676 (▲8.3)	1,062 (▲36.2)	681 (▲3.3)	— —	4,767 (3,160)	5,467 (3,497)	2,882 (1,660)	236 (20)	2,349 (1,817)	38,702 (2,179)	1,631 (▲36)	4,934 (2,622)	18,879 (374)	2,806 (▲27)	16,074 (401)	3.6 (3.4)

Notes are the same as in Table 1.

took the cases where a tax-exempt write-off appeared to present problems to the purchasing company."

Looking at the amount of nonperforming loans which were written off by each bank, one sees that with the exception of the Bank of Tokyo banks individually wrote off in excess of 100 billion yen each. Both Tokai and Sakura wrote off over 300 billion yen each (or in the former's case, 402.9 billion yen if one includes the 40.3 billion yen in forfeited loans to Central Finance).

Partly because of this method of disposing of nonperforming assets by having them bought up (with payments made in advance of their resale), particularly through the Cooperative Credit Purchasing Company, the outstanding balance on "problem" loans (i.e., the total amount of loans to bankrupt borrowers and the total amount of loans on which interest payments have been in arrears for six months or more) have finally turned a corner and are now on the decline. City banks collectively reduced their outstanding problem loan balances 3.2 percent since mid-year, bringing the total down to 8.9748 trillion yen. Based on what they believe is a "sound" argument—namely, that "when current term profits, which are now so important just to insure dividends funds, begin to move upwards and more can be used as internal reserves, then they can expect to be in a much firmer position to deal with their problem loans"—most city banks, on seeing their ratio of reserve funds to nonperforming assets improving, are emphatic in stating they "will be through disposing of their nonperforming loans in another two years."

Trend Toward Reduction in Nonperforming Assets Observed

Even if top officials in MOF's Banking Bureau believe "the worst is over," no one needs to be reminded of the enormous scale of Japan's nonperforming loan problem. In fact, nonperforming loans still account for 3 percent of the loans of seven major city banks and for 6.8 percent of all loans written by Hokkaido Takushoku Bank. Moreover, even if the "worst is over" and the prospects for disposing of nonperforming loans is looking up, there is still another wave of bad loans—particularly, low-interest and interest-exempt loans—standing by like a reserve army.

Nor is the earnings environment for banks expected to get any better. It will be difficult for banks to increase their volume of loans when there are no prospects for lower interest rates. The deregulation of interest rates on demand deposits, which is slated to take effect this October, will also probably be a factor in raising costs by more than just a little. Profit taking, if it involves cross-shareholding transactions as it has in the past, "will mean higher book values and may even result in nonperforming securities' rather than the disposition of nonperforming loans," according to the head of the monetary survey section at Atkinson Goldman Sachs & Co.

But clearly, as this same source notes, "Although the first round—where the main objective was getting an overall grasp of the nonperforming loan problem—may be about completed, a tough response is still needed until these banks can rebuild their portfolios."

However, from their financial reports, it seems only Hokkaido Takushoku ventured to lower its dividends. Dividends will further be reduced by one yen through the end of fiscal 1994. Beginning with Sumitomo, Dai-ichi Kangyo, and Hokkaido Takushoku, banks have taken steps to stop giving out employee bonuses "to clearly lay the blame where it is due." It appears that the loan problem has begun the process of breaking down the "horizontal mindset" of banks, which has been the target of criticisms even before the loan problem surfaced..

Long-Term Credit Banks

Interest-Exempt Loans Still Untouched Touched

Net business profits for long-term credit banks collectively fell 8.3 percent over the previous year. Wide differences occurred among the banks, a fact reflected in their financial statements, which can be taken as an accurate picture of their "real abilities" now that the transition period for changing accounting methods to deal with the disposition of nonperforming assets has ended. This three-year transition period, which ended with the last fiscal term, allowed banks to write off differences in the value of their assets from the time when discount debentures were issued. The benefits of this transition period in terms of higher profits (amounts effected last term amounted to 57.7 billion yen in the Industrial Bank of Japan's case, 43.5 billion in the Long-Term Credit Bank of Japan's case, and 18.5 billion yen in the Nippon Credit Bank's case) are no longer seen.

Table 3

FY93 Financial Reports of Trust Banks

(Unit - 100 mil yen, %)

	Net Bus. Profit	Current Profit	Current Term Profit	Net Worth/ Capital	Profit Stock Sales	NPA Written Off	Transfer Special Loss Acct.	Loan Write Offs	Losses Sales NPA to CCPC	Latent Profit Security	General Loan-Loss Reserve	Special Bad Debt Acct.	NPA	Loans Bankrupt Borrowers	Delayed Interest Loans	NPA / Loan Bal.
Mitsui	507	175	109	10.31	1,768	1,893	1,332	93	468	8,681	190	1,678	5,978	677	6,401	6.0
Trust	(43.2)	(▲36.2)	(▲6.1)	(10.22)	(1,429)	—	(1,177)	(90)	—	(▲349)	(▲29)	(1,311)	(368)	(19)	(349)	(4.4)
Mitsubishi	1,283	434	148	10.61	461	1,203	397	300	606	9,040	244	762	6,256	988	4,268	3.7
Trust	(39.8)	(▲21.9)	(▲7.6)	(9.77)	(247)	—	(144)	(278)	—	(1,189)	(▲16)	(287)	(▲360)	(▲161)	(▲209)	(3.8)
Yasuda	447	138	97	10.66	717	807	263	240	314	4,267	162	891	4,400	648	3,862	4.4
Trust	(11.4)	(▲21.0)	(9.8)	(10.26)	(273)	—	(16)	(220)	—	(869)	(▲3)	(187)	(322)	(28)	(294)	(4.0)
Toyo	344	91	70	10.29	206	353	113	16	224	3,767	133	239	3,128	298	2,830	3.7
Trust	(16.1)	(▲62.9)	(▲6.2)	(9.79)	(▲123)	—	(38)	(▲1)	—	(862)	(1)	(103)	(262)	(27)	(236)	(3.3)
Chuo	224	60	30	10.12	613	216	26	9	182	1,163	64	121	1,804	174	1,630	3.9
Trust	(66.2)	(▲36.2)	(▲17.1)	(10.04)	(228)	—	(▲42)	(4)	—	(222)	(2)	(11)	(444)	(18)	(426)	(2.8)
Nippon	34	40	17	10.33	173	131	123	1	7	427	18	179	1,306	470	836	7.4
Trust	(20.0)	(14.2)	(▲0.4)	(10.34)	(25)	—	(93)	(0)	—	(46)	(1)	(123)	(676)	(366)	(210)	(4.0)
Sumitomo	1,216	347	142	10.62	677	1,169	612	216	342	8,146	242	799	6,244	607	4,737	3.9
Trust	(33.4)	(▲30.7)	(▲23.6)	(10.01)	(261)	—	(392)	(190)	—	(876)	(▲9)	(490)	(816)	(379)	(436)	(3.1)
Total	4,067	1,278	616	—	4,454	6,772	2,866	874	2,043	35,480	1,043	4,269	27,129	3,869	23,660	4.2
	(32.7)	(▲29.6)	(▲9.4)	—	(2,330)	—	(1,817)	(781)	—	(3,684)	(▲53)	(2,612)	(2,432)	(689)	(1,743)	(3.7)

Notes 1-4 are the same as in Table 1. 5. Nonperforming assets includes the trust bank account. 6. Loan write-offs does not include change in losses on sales to CCPC because some figures are unknown.

Among the things reflected in this fiscal year's statements is the pressure being put on profits by lump-sum interest payments on high-interest bearing bank debentures, the result of the "wide [new type of 5-year interest-bearing bank debenture] craze" during the second-half of 1990.

The bond market was still relatively bullish, however, until the end of last year, and bank earnings from bonds improved noticeably during this past fiscal year. Bond accounts, including government bonds, showed a balance of 37.3 billion yen for the Industrial Bank of Japan (representing a 26.7 billion yen increase over the previous year), 92 billion yen for the Long-Term Credit Bank of Japan (55.3 billion yen over the previous year) and 62.7 billion yen for the Nippon Credit Bank (45.4 billion yen over the previous year), all of which had an effect on their respective net business profits.

Current profits for each bank fell sharply. As with city banks, this was due to their having "disposed of as many nonperforming assets as possible." The amount of nonperforming assets written off by the Long-Term Credit Bank increased about four-fold over the previous year, reaching 255 billion yen. The three banks collectively saw almost a three-fold increase (about 2.8 times) over the previous year for a total of some 546.7 billion yen in write offs. This figure exceeded their net business profits, but they were able to secure the source of funds for these write offs through large-scale profit taking.

Since mid-year, the balance of nonperforming assets on their accounts dropped to 1.8879 trillion yen, or by 10.9 billion yen. Having now turned the corner in their view, the three banks feel they will be able to dispose of the balance of their nonperforming assets within the next two years. Revenues will be tight until the first half of fiscal 1995 as they continue to carry the burden of high-interest payments on bank debentures, but their strategy seems to be one where they will aggressively write off their nonperforming assets, "utilizing promising sources of latent profits," and then "shift into an offensive mode of management from fiscal 1996."

Compared to city banks, however, long-term credit banks have a substantial amount of reduced interest or interest-exempt loans to nonbanks and financing companies specializing in housing. Based on the *belief* that they can "collect on these loans as long as borrowers have plans to rebuild," nothing as yet is being done about them. There is more than a small chance, however, that their faith will end up being no more than "empty theory." Even if they have disposed of the main layer of nonperforming loans that have been disclosed so far, it is hard to see managment shifting so quickly into an offensive mode.

Trust Banks

Slow-Going in Disposal of Nonperforming Assets

Trust banks were the only category of banks where gains in net business profit were reported for FY93 for every single bank in the same category. Traditionally, trust banks have tended to be slower than the other types of banks to lower their interest rates (the result of time-period lag). Additionally, with the deregulation of expected dividend rates on loan trusts, each bank moved decisively to lower its dividend ratio, thus further increasing its profits. Another factor behind the gains in net business profit reported by trust banks was increased revenue from brokerage fees as the securities market pulled out of the worst period in its history.

Even though city banks saw their profits decline, they were still relatively high compared to the profits enjoyed by trust banks. Again, differences within the same category of banks grew more pronounced because of differences in revenue from their market sections, including their international units.

Most typically, the financial reports of the trust banks showed that their nonperforming loan balance had continued to grow larger while, for other types of banks, it was starting to shrink however slightly. Compared to the total disclosed in mid-year reports, the amount of nonperforming loans held by trust banks had increased 4.8 percent to 2.7129 trillion yen. When compared to city banks, a relatively large percentage of the credit they extended to borrowers, like that of long-term credit banks, were in the form of interest-free loans, which makes it difficult to predict how their situation will change in the future.

Despite their difficult circumstances, trust banks have been relatively slow to dispose of their problem loans. Financial reports this time indicate every bank has written off loans on a scale "unprecedented in the past." Still, compared to city banks and long-term credit banks, where this figure exceeds 30 percent of their nonperforming loan balance and reserve fund balance (general loan loss reserves and special loan write-off account total), trust banks (excluding Mitsui Trust & Banking Company) are still at the 10 percent level. Hokkaido Takushoku Bank is also carrying the highest percentage (7.4 percent) of nonperforming loans of any financial institution in the three categories of banks. Compared to 3.5 percent for city and long-term credit banks, this percentage for trust banks as a whole is still a relatively high 4.2 percent.

Nor do trust banks stand to earn as much from latent stock profits as banks in the other two categories. Since there are limits to their disposing of their nonperforming loans through profit taking, it looks as though it is going to take trust banks more time than the others to resolve their loan problems.

Sakigake Proposes Expenditure Reduction Plan

OW1709011894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 13 Sep 94 Evening Edition p 1

[Text] On 13 September, the New Party Sakigake [Harbinger] put forth a concrete plan for expenditure reduction through administrative reform. It proposed the idea of carrying out a 2.4 trillion yen [Y] expenditure reduction, a sum equivalent to 1 percent of average annual consumption tax revenue, over the next five years through FY 1999 by such measures as reforming the bidding system for public works and adjusting, or streamlining, public corporations. Sakigake strongly demands of both the Liberal Democratic Party [LDP] and the Social Democratic Party of Japan [SDPJ] that the Murayama administration introduce administrative reform that sets an "expenditure reduction target." Both the LDP and SDPJ are demonstrating a prudent position with respect to a "numerical objective" to be achieved through administrative reform. However, by putting forth a concrete plan for budget reduction, Sakigake, which is headed by Finance Minister Takemura, is likely to influence the discussions on tax reform among the ruling parties.

Sakigake will shortly present this plan to the Administrative Reform Project Team (chairman: Mizuno, head of the LDP Research Commission on Public Administration and Finances) of ruling coalition parties and request that it be included in the ruling coalition's "Fundamental Policy for the Promotion of Administrative Reform" [FPPAR] proposal.

According to the Sakigake plan, first, Y1.33 trillion can be cut by the end of FY 1999 in the area of public works carried out by national and public corporations through a 10-percent reduction of construction costs by the end of FY 1996, with a few exceptions, to include land prices, and 20 percent by the end of FY 1999, "in keeping with international levels." With respect to reforming the bidding system, the plan considers introducing a bond system, such as the one widely used in the United States, to promote competition between construction companies.

Next, Sakigake intends to cut expenditures a total of Y870 billion by the end of FY 1996 through reducing assistance and investment funding to public corporations via such measures as consolidation, restructuring and privatization of them. Then, it proposes raising Y10 trillion, over a five-year period beginning in FY 1995, through issuing government-owned stock and convertible, new-type bonds of public corporations to be privatized, to provide funding for the capital investment faced by an aging society. By setting a 5 percent per year stock conversion ratio, he says: "The government can save 200 billion yen per average fiscal year on the cost of national debt by not floating construction bonds for the same amount."

The ruling parties' administrative reform project is included in the final draft of the FPPAR proposal. However, Sakigake emphasized: "For tax reform discussions to move forward as well, it is necessary to specify expenditure reduction targets through administrative reform," and that an amount equal to 1 percent of consumption tax revenue should be the goal. Details of the presentation on the concrete plan had previously been sought by the LDP, and Sakigake's position that "tax reform is a prerequisite for administrative and financial reform" has been made clear.

However, the reality is that, recently, the majority of the cost of public works is being covered by issuing construction bonds because tax revenues have been insufficient. Therefore, even if there could be a dramatic reduction in the cost of public works, as tentatively called for in the Sakigake plan, there still may be some criticism (by LDP leaders) that "there is no direct correlation between a simple reduction in the amount of construction bonds floated and the provision of sources of general revenue."

* Anti-Ozawa Stance Impetus for New-New Party

942A0626A Tokyo SANDE MAINICHI in Japanese 21-28 Aug 94 pp 33-34

[Unattributed article: "Shinseito's Anti-Ozawa Faction Plots Establishment of 'New-New Party'"]

[Text] Has the strong solidarity of Shinseito [Japan Renewal Party] crumbled? Secretary Ozawa has been criticized continuously. There is even a rumor that the "anti-Ozawa group" will split off to form a "new-new party."

"How about having Mr. Ozawa concentrate on the treatment (of his sickness)? The new-new party should be formed by common consent on policy by each nongovernment party. I am against one dictatorial person leading the party."

It may be understandable, if this remark had come from other parties; however, this was a remark made by Yoichiro Aino, a principal member of Shinseito. In May, he made another remark, referring to the Social Democratic Party of Japan's [SDPJ's] secession from power as "Mr. Ozawa's big boo-boo." He has been at the forefront of Ozawa criticism in the party since then.

Another principal member of the party, former director of the Defense Agency, Mr. Kazuo Aichi, has been strongly criticizing Mr. Ozawa in lectures, saying, "It is a great misunderstanding that Shinseito equals Ichiro Ozawa. Our young members and principal members are different from Ozawa."

In addition, the party's neutrals, such as the above two members, Mr. Kiichi Inoue, and Hajime Ishii gathered around the party's top executive, Mr. Keiwa Okuda, on the pretext of an "appreciation dinner for chairman of the Committee on Rules and Administration," and Liberal Democratic Party [LDP] Dietmen also attended this gathering. Mr. Aino and others have become active in making contact with the group of LDP breakaways, such as Mr. Yuji Tsushima and Takeshi Noda, and there is even a rumor that "over 10 members led by Mr. Okuda may split off to be anti-Ozawa."

On the other hand, Mr. Ozawa stated as boldly as usual that he "will establish a new-new party by the end of September, which will be stronger than the LDP."

To this, Mr. Akira Fukita, former minister of home affairs, warned him that his "remarks are too sensational, and they invite resistance (backlash) from other parties. Please stay quiet." Kozo Watanabe, the deputy secretary general, also was trying to extinguish the fire by saying, "The new-new party will be led by the young members, and executives are only going to be helpers." Consequently, Mr. Ozawa also toned it down by saying, "Establishment of the new-new party should not be too soon, but should not be too slow either."

What is the real meaning behind Ozawa criticism? Mr. Aino says, "It means that for the time being, we want him to stay in the background. He has been with the government party and has never experienced being in a party out of power. He only knows how to throw a straight ball, and does not know how to manage. That's why he meets such a strong resistance. We, as older members, are the only ones who can criticize him. That is why we tell him these things. Our goal is to overthrow the LDP-SDPJ government, and there is no advantage in having an inner struggle or division.

Mr. Okuda has been advocating since his LDP days to "make Mr. Ozawa prime minister." He has told the people close to him, "Mr. Ozawa is hasty in reaching a conclusion. But he needs to learn that sometimes idle time is also necessary in democracy."

One Shinseito-related person explains, "Rather than this being a power struggle between Ozawa and Okuda, Mr. Okuda is just saying, 'Listen to me once in a while.' More important, regarding the struggle for leadership among nongovernment parties, if the plan progress to establish a new-new party led by Shinseito and Komeito, then the Japan New Party, Democratic Socialist Party, Jiyuto [Liberal Party], and New Party Mirai would be left behind. Shinseito is also afraid that these parties may break away from them and become independent. They are trying to give them feint jabs to prevent this from happening."

In fact, the new-new party plan is being discussed among Mr. Kaifu, Mr. Hata, Mr. Hosokawa, Komeito's Mr. Ishida, and DSP's Mr. Yonezawa. Are they "excluding Mr. Ozawa," or "hiding Mr. Ozawa?" Mr. Toshio Yamaguchi, a nonpartisan politician, points out, "The House of Representatives' election in Aichi Prefecture in September will be the first major battle for them, and Mr. Ozawa's existence as the chief of staff will be significant."

Another Shinseito-related person says, "The most important theme is how and with which party they will cooperate in single-seat constituencies. Without Ozawa, nobody can do the work of connecting votes and money. They are only trying to get rid of the party's public image that it's governed by Ozawa's power.

Mr. Ozawa takes a break at his resort house in Tateshina every summer; however, he has no plan yet to do so this year. On 11 August, the division of small constituencies will be made clear, and he will be working on their simulation from then on.

The LDP-SDPJ coalition was born with "anti-Ozawa" feeling as its glue, and the new-new party plan in the nongovernment parties is experiencing the same phenomenon. How much longer will this country's poor political situation continue, which revolves around a single politician?

* Strategy Behind 'New-New Party' Formation

942A0625A Tokyo USHIO in Japanese Sep 94 pp 108-111

[Article by Takao Iwami, political commentator: "The Former Ruling Coalition's Strategy Aimed at Regaining Political Power Through the Formation of a 'New-New Party'"]

[Text] **Ozawa's Structural Realignment Does Not Go as Desired**

One of the Liberal Democratic Party [LDP] leaders coolly criticized disarray within the former ruling coalition camp as follows: "Things have been taking place one after another which Ozawa did not take into account. One of them is a struggle for leadership among three former prime ministers. They are Toshiki Kaifu, Morihiro Hosokawa, and Tsutomu Hata. All of the three are still young and aim at a comeback, and this commonness makes it all the more difficult to deal with them. Let us suppose that what is called the new-new party is going to be formed. Of the three, installing whom would be most favorable strategically? Ozawa has worries about his own declining prestige, but making adjustments among the three also seems to be a headache to him."

The former ruling coalition camp had to turn over its political power due to a miscalculation by Shinseito [Japan Renewal Party] Secretary General Ichiro Ozawa who had prided himself on acting as peacemaker in political restructuring. Since then, Mr. Ozawa and his followers have been making strenuous efforts for structural realignment, but things do not turn out as they wish.

They indulged in wishful thinking, saying that "it is impossible for the LDP and the Social Democratic Party of Japan [SDPJ] to join hands," and this was a mistake. In the cause of pulling down the LDP's one-party rule, the SDPJ had participated in a plot to form the former ruling coalition and had held a share in building the Hosokawa government. Ozawa, who makes it a point to follow only logical reasoning, thought that it would be an unparalleled self-contradiction for such an SDPJ to tie up with such an LDP. It might be quite natural to think so.

However, the attachment to power by the three parties—the LDP, the SDPJ, and Sakigake [Harbinger]—and their strong "anti-Ozawa" sentiments jumped over logical reasoning and pushed the situation ahead. Not only an unlikely thing happened actually, but also the new coalition government with SDPJ Chairman Murayama as its prime minister began showing stability for the present.

When the new government gets stabilized, the former ruling camp, which has now become the opposition, will find it hard to attack the government. The reasons for the stabilization are: 1) the three party heads—the SDPJ's Murayama, the LDP's Yohei Kono, and Sakigake's Masayoshi Takemura—have comparatively solid connections and are congenial with one another; 2) the coalition ruling camp holds a stable majority in both lower and upper houses; 3) both the LDP and the SDPJ make their utmost efforts not to bring their points of difference to the surface and are poised to make any mutual concessions to maintain political power; and 4) even if Prime Minister Murayama suffers a setback, there is the LDP, the leading party, as a pool of succeeding prime ministers, enabling the government to continue to hold political power.

And one more powerful reason will be that the attack from the opposition camp is posing no considerable threat for the present because the power-regaining strategy of the opposition camp—the former ruling coalition—has come to a temporary standstill. The so-called "Ichi-Ichi line" [from Ichiro Ozawa and Yuichi Ichikawa; noting closed-door decisionmaking by Shinseito Secretary General Ichiro Ozawa and Komeito Secretary General Yuichi Ichikawa] which served as motive power in the former ruling coalition camp is hanging in the air for the time being with Ozawa tendering his resignation as Shinseito secretary general to take the responsibility for yielding power.

Ozawa visited the United States and had talks with U.S. leaders in late July. However, those within Shinseito have not yet shaped up a definite stand, and this is attributable to smoldering intraparty confusion surrounding Ozawa.

Some pin hopes on Ozawa, saying that "Mr. Ozawa's leadership is indispensable for rallying opposition forces toward the election." On the other hand, among leading members, Keiwa Okuda, former chairman of the lower house Committee on Rules and Administration, and Kazuo Aichi, former Defense Agency director general, are stepping up their criticism of Ozawa, even making the following remark which could be taken as a call for excluding Ozawa: "If he wants to take a rest, he had better take it for a long while" (Okuda).

As to the other one, that is, Komeito Secretary General Yuichi Ichikawa, opposition to him is also rising within Komeito. Both of the "Ichi-Ichi" heroes are thus exposed to criticism, not only from outsiders but also from their own families. Nagata-cho (political quarters in Tokyo) generally views as follows: "The 'Ichi-Ichi' line has already lost its substance and is not functioning. Ozawa is expected to take a rest for some time and resume activities; however, Ichikawa is expected to resign shortly as secretary general in Komeito's personnel changes. People say that the 'Ichi-Ichi' whirlwind is now backlashing and, in view of the very high-handed method used, it is natural for the whirlwind not to last long." This probably means that the curtain is dropping on political restructuring along the "Ichi-Ichi" initiative.

Basic Strategy To Regain Political Power

However, Ozawa himself is as bullish as ever and expresses the following view on the rating of the new Murayama government and on future countermeasures: "Things have been moving in accordance with our scenario in terms of breaking down the 1955 system. We cannot regain political power unless we form a new-new party and get united" (at a gathering of Shinseito's Diet members elected for the first time). In other words, he is guessing that, by the shaping of a coalition between the LDP and the SDPJ, the contradiction of the 1955 system will become clearer and their government will collapse. Will things go just as he guesses?

Regardless of what course the new government will take, the opposition camp's basic strategy has no other way but to seek to 1) rally forces around the new-new party,

2) expedite a split between the LDP and the SDPJ and increase the number of sympathizers with the opposition camp, and 3) form a majority at a stroke in the next general election. As to its present strength, the opposition camp comprises eight parties and groups and has a total of 189 members who are subdivided into 62 in Shinseito; 52 in Komeito; 33 in the Japan New Party [JNP]; 19 in the Democratic Socialist Party [DSP]; seven in the LDP; six in Koshikai [High Ideal Party]; five in the New Party Mirai [Future]; four in former Kaikaku-no-kai [Reform Society]; and 1 independent (Toshio Yamaguchi).

The LDP now has 200 members after gradual decreases, and so when the 189 persons form and start a "new conservative party" at a stroke, they will gather momentum as an influential force without doubt. However, confrontation has already surfaced over procedural steps. At a gathering of about 30 leaders of the former ruling coalition camp including Ozawa, Ichikawa, and JNP Representative Hosokawa (18 July), DSP Secretary General Kansei Nakano argued that "as an intermediate step toward the new-new party, a new party should be formed first with the DSP and JNP as its axis." This argument reveals that the "Ichi-Ichi" allergy still exists tenaciously and that many have apprehensions about everything being dealt with on the initiative of Komeito and Shinseito.

On the other hand, on 18 July, the same day, 125 Diet members of the eight opposition parties and groups who had been elected three times or less formed the "Federation of Young Members for the Creation of Responsible Politics" [sekininaru seijiwo tsukuru wakate rengo] and asked for an early organization of the new-new party. They demonstrated their high spirits, saying that "the enemy, too, is trying to find a chance to attack our side, and so we young members should become the central force in creating a large new party" (a Komeito Diet member).

For those young Diet members, the largest concern is how to tide over the Diet dissolution and the election that are to come sooner or later. With the eight parties and groups moving separately, the opposition forces have no chance of winning at all. Such impatience led to the formation of the "Federation of Young Members."

Moreover, one of the weak spots of the opposition forces is, as described in the beginning, the lack of a powerful leader who can play a pivotal role. Among the three who have the experience of serving as prime minister, Hosokawa, who caused a scandal case, reportedly intends to decline the post of the first party head in favor of the other two seniors.

Of the two, Kaifu is older and has the record of competing with Murayama for the seat of prime minister, and so "Kaifu's new party" may be an easier way to settle this. When Kaifu is installed as head of the new party, it may be expected to cause some additional members to secede from the LDP. However, soldiers under Kaifu's command are only the six members of Koshikai. In contrast, Hata is the head of Shinseito, the leading opposition party, and commands a group of about 10 times as many persons. Therefore, there naturally remains the possibility of "Hata's new party." Kaifu-Hata relations are likely to show complicated aspects in the future.

Yet moves are fairly dull in this summer political campaign.

LDP's Mitsuzuka Calls for New Ruling Force

OW1609234494 Tokyo SANKEI SHIMBUN in Japanese 15 Sep 94 Morning Edition p 3

[Text] In his speech at the Nishitetsu Grand Hotel in Fukuoka on the afternoon of 14 September, Hiroshi Mitsuzuka, chairman of the Liberal Democratic Party [LDP] Policy Research Council, proposed forming a new party made up of the LDP, the Social Democratic Party of Japan, and New Party Sakigake [Harbinger] before the next general election.

Mitsuzuka said: "There is no need for parties to be separated if they share the same policies and strategies. The opposition forces may form a grand parliamentary group or a new-new party before or after the next general election. It is only a natural result in view of political dynamics that three arrows [three ruling coalition parties] will be bonded together to face the huge opposition alliance." In this way, he stressed a need to form a new ruling force to cope with the opposition camp's new-new party.

Furthermore, regarding the timing for the dissolution of the House of Representatives to hold a general election, Mitsuzuka said: "If the budget compilations could be completed [by the current administration] three times [for the next three fiscal years] and if the budget for fiscal year [FY] 1997 could be approved on 31 March, it is reasonable to say that we will dissolve the House to hold a general election about four months before the terms of the lower house dietmen expire." He thus indicated it is desirable to hold the general election under the new electoral system around April 1997, shortly before lower house dietmen finish their term of office.

Mitsuzuka also commented on how to react when the former ruling coalition parties submit a no-confidence motion against the Murayama Cabinet. He checked such a move within the opposition forces by saying: "From now on, there will be no more bolters from the LDP. We [the ruling parties] hold nearly 300 seats in the House of Representatives. Even if a rebellion takes place and 10 or 20 LDP members bolt, the Murayama administration can remain stable without difficulties because 15 Japan Communist Party dietmen will not cooperate with either side."

While touching on tax system reform, Mitsuzuka indicated a need to continue tax reductions—before increasing other taxes—until FY 1996 and said: "It is a matter of course that tax cuts should be continued for three years to prevent further deterioration in the economy. Tax cuts implemented only for two years prior to a tax hike cannot stabilize the economic condition. However, it may create favorable and unfavorable factors mixed together and wind up causing another economic slump."

Opposition's Move To Create New Party Criticized

OW1709102294 Tokyo KYODO in English 1003 GMT 17 Sep 94

[Text] Naha, Japan, Sept. 17 KYODO—Two influential politicians in the ruling coalition criticized Saturday [17 September] a move by noncommunist opposition parties to create a single party to challenge the coalition.

Yoshiro Mori, secretary general of the Liberal Democratic Party (LDP), said in a speech in Naha, "any political party has its own history and members throughout the nation."

"Is their proposal to abandon all these things and create a single party at any cost consistent with politics based on the existence of various political parties?" Mori asked.

Mori predicted Japan will continue to be governed by coalitions even after the next general election.

"For the time being, it will remain difficult for a single party to form a cabinet, so we have to keep in mind there will be the need to run a government by establishing a coalition," Mori said.

Speaking the same day in Kyoto, Finance Minister Masayoshi Takemura blasted the opposition plan, calling it an opportunistic get-together that disregards the various parties' longtime political ideals and ideologies.

"Will they be able to get along amicably together if they only seek to band together to secure the (majority) number of Diet seats?" asked takemura, leader of New Party Sakigake [Harbinger].

The opposition groups are seeking to form a new bigger party by the year's end to rival the current coalition, which is made up of the LDP, the Social Democratic Party [of Japan] (SDP) [SDPJ] led by Prime Minister Tomiichi Murayama and New Party Sakigake.

Communique Calls for Global Information System

OW1609233894 Tokyo YOMIURI SHIMBUN in Japanese 16 Sep 94 Morning Edition p 1

[Text] A draft "Kyoto Communique" to be released at the end of the world ministerial conference on telecommunications scheduled to open 22 September came to light on 15 September. The draft communique stresses that establishing the basis for the high-speed information telecommunications, including an optical fiber network, will play a great role in accomplishing the "global task" of achieving balanced economic development around the world while tackling environmental problems. The draft communique then notes "it is hoped that information telecommunications infrastructures will be set up for all people as early as possible." The communique also speculates that it is necessary to come to grips with issues of "abolishing differences between the South and North in information availability."

The ministerial meeting will be held under the sponsorship of the Post and Telecommunications Ministry [PTM] by taking advantage of a Kyoto meeting of plenipotentiaries of the International Telecommunications Union (ITU). The PTM, with the communique's release as a start, aims to promote work toward establishing information infrastructures in preparation for a future multimedia era.

The conference will be participated by ministers in charge of telecommunications from about 50 nations, and they will exchange views on telecommunication issues under the theme, "Toward Establishing an Information Network for the 21st Century."

The participating nations are now putting the finishing touches on the draft communique. The draft communique notes it is the international community's important task to "achieve globally balanced economic development by creating a society wherein economic efficiency is high with emphasis on protecting environment."

The draft states that "upgrading telecommunication infrastructures by applying up-to-date technology," such as an optical fiber network and digital telecommunications technology, holds the key to accomplishing those important tasks.

Moreover, the draft communique says there are many regions in the world "where people cannot use basic communication means" such as telephones and stresses that "it is necessary that nations unite to abolish differences in information availability" between industrial and developing countries.

MITI, MPT Battle for Multimedia Software Control

OW1709145094 Tokyo NIHON KEIZAI SHIMBUN in Japanese 17 Sep 94 Morning Edition p 5

[Text] Masanori Kurita, president of Shinaji Company (based in Shinjiku, Tokyo with the capital of 10 million yen), one of the founding manufacturers of CD-ROM (compact disc ready-only memory) software, was put under enormous pressure on 7 September from the Ministry of International Trade and Industry [MITI] which is located in Kasumigaseki, Tokyo.

On that day an official from the Information System Development Division of the MITI Machinery and

Information Industries Bureau, told Kurita: "If you do not join the organization under MITI, you will face big problems."

Finally, Hideki Kono, chief of the Information System Development Division, pressed Kurita to join the organization under MITI.

The CD-ROM is expected to become the mainstay of future multimedia software. About 50 manufacturers of CD-ROM inaugurated the "National Association of Multimedia Title Manufacturers" [NAMTM] (headed by Makoto Yamashina, president of Bandai Company) on 30 August, which is to be their business organization. The NAMTM plans to seek assistance from the Ministry of Posts and Telecommunications [MPT] by filing an application in late September with the ministry for approval as a corporation under its jurisdiction. This has irritated MITI. Not only Kurita, who has headquartered the secretariat of the NAMTM with his company, but many others have been under pressure from MITI.

Kono said: "We have just asked them to tell us what is wrong with MITI."

One NAMTM member said coolly: "MITI is only pursuing its interests."

Meanwhile, the MPT plans to examine ways to stage a rollback in the future after verifying how its budget request for fiscal 1995 falls short of the MITI request.

Tsuyoshi Kimura, director of the Secretariat at the MPT, bowed deeply to Home Affairs Minister Hiromu Nonaka at the latter's office on 22 August. It is unusual that a senior official at a ministry calls on the head of another ministry and bows his head to him.

Kimura called on the home affairs minister at his office because Nonaka was due to take charge of the MPT for a few days while Posts and Telecommunications Minister Shun Oide visited South Korea.

Kimura said: "I wanted to brief the home affairs minister about breakdowns in the MPT budget request for fiscal 1995 that is to be submitted to the Finance Ministry."

Some MPT officials have said Kimura called on the home affairs minister for other purposes. Home Affairs Minister Nonaka is an influential member of the group of Dietmen affiliated with the Liberal Democratic Party [LDP] that speaks for the posts and telecommunications administration. He served as chairman of the LDP Communications Division and of the Committee on Telecommunications of the House of Representatives. The MPT, which tilted toward Shinseito [Japan Renewal Party] during the Hosokawa and Hata administrations, is said to be aiming to improve its relationship with the LDP.

The MPT is one of the ministries that has a strong tendency to rely more on political power than on any theoretical struggle in budgetary negotiations with the Finance Ministry, because local post offices across the country function as vote-collecting machines. The MPT appears to be aiming to secure its budget for the fiscal 1995 by relying on political power.

While ministries and agencies are frantically vying with each other to protect their jurisdictions, politicians are taking great pains to retain their influence. While the United States is steadily moving toward building an information highway network to prepare itself for the 21st century, Japan is faced with bureaucratic rivalry over administrative jurisdiction.

SCC To Launch New Satellite Around Mid-1997

OW1909113994 Tokyo NIHON KEIZAI SHIMBUN in Japanese 17 Sep 94 Morning Edition p 1

[Text] The Space Communications Corporation (the SCC, located in Shinagawa, Tokyo, with Yoshio Taniguchi as president), a communications satellite company belonging to the Mitsubishi group, plans to make a full-fledged entry into the international communications business by launching a new satellite around mid-1997. This will be the company's third satellite. It will cost approximately 30 billion yen, including launching costs. The company plans to place an order for it by the end of the year. It plans to offer such services as communications among companies and video transmission, envisaging the establishment of international communications services in the PRC, Taiwan, Hong Kong, and other countries. It seems that domestic and foreign communications satellite companies will be competing fiercely over clients in Asia. For example, the Japan Satellite Systems Inc. (located in Minato, Tokyo, with Michio Sato as president) plans to launch a new satellite in August 1995, and Indonesia already has its "Palapa" in orbit.

The SCC plans to order a satellite weighing about one to 1.5 tons. Although it has not been confirmed yet, the satellite is expected to be equipped with about 20 transponders. It will be capable of covering Japan, the Korean Peninsula, the PRC, Taiwan, Hong Kong, Southeast Asia, Russian coastal regions, Hawaii, and other regions. It is expected to be operative by the end of 1997.

Japan drastically revised its laws in late June to considerably liberalize international communications services which utilize satellites. The SCC plans to gain a foothold to capitalize on demand in regard to international communications services linking Japanese with foreign clients and foreign clients among themselves. In seeking clients outside Japan, the company is considering a possible tie up with Orion, an American satellite communications firm. It is expected that major prospective clients will be companies that engage in data exchange via video conferences and other methods, and broadcasting companies that distribute television programs overseas. The SCC plans to conclude contracts with such clients regarding the use of transponders.

The SCC plans to begin negotiations with three U.S. firms—Hughes Space and Communications, Martin-Marietta Astrospace, and Space Systems Loral—regarding ordering its satellite. It plans to narrow down its supplier by the end of the year.

The SCC plans to borrow from financial institutions the entire 30 billion yen needed for procuring the new satellite including insurance costs, with such companies as the Mitsubishi Corporation and Mitsubishi Electric Corporation, which are the SCC's major shareholders, guaranteeing the loan.

The SCC suffered cumulative losses of approximately 48 billion yen as of March 1994, and it expects to post a recurring loss of around two billion yen in the year ending in March 1995. For the time being, the company plans to use its existing "Superbird-A" and "Superbird-B" to attract more clients, hoping to put its account in the black for the year ending March 1996. Judging that it would be necessary to solicit international patronage in order to acquire a stable income, the company decided to purchase a third satellite.

However, of the 50 transponders aboard the company's two existing satellites, only about half are currently being used. The Japan Satellite Systems Inc., which is financed by Itochu Corporation, Mitsui & Co., Ltd., and other investors, also plans to launch its third satellite in August 1995. Therefore, there have been concerns voiced about an "oversupply of transponders." Over the next several years, there are numerous plans by Hong Kong, the United States, and other nations to launch communications satellites.

The U.S. Home Box Office Corporation has already begun broadcasting television programs in Asia via the "Palapa," an Indonesian communications satellite. The SCC's satellite procurement is an indication that the company wants to stay in the race in the communications business, which is becoming more globalized. However, if the company's plan to solicit more clients does not go well, the company may face further financial difficulties because of the huge cost of purchasing the new satellite.

Engineering Group Tests Evacuation Route Cable

942A0697A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 13 Sep 94 p 5

[Text] The Engineering Advancement Association of Japan, a foundation, has developed an emergency evacuation guidance system which accurately displays evacuation routes for use during disasters at underground facilities. By using special optical-fiber cable which emits dim light traveling through the cable, the system indicates the evacuation route in the direction of the light emissions. The association has succeeded in completing tests to transmit light as far as 100 meters while allowing appropriate emission of light along the cable route by thickening the telecommunications fiber cable and manipulating the optical aspects of the system.

The system was developed under contract with the New Energy Development Organization (NEDO). The system is composed of metal halide lamps used for illumination, optics including concave mirrors and convex lens, and optical-fiber cables.

Four multiple-strand optical-fiber cables were used. Light from a lamp was condensed by using concave mirrors and convex lens, passed through colored filters for conversion into green, and then passed into the optical-fiber cable.

When cables were installed in the corridors of underground facilities and light is released from one end, the flow of green light can be seen as it is emitted along the path of the cable, thus providing optical signals indicating the evacuation route. Another approach was to devise a fixture for inserting light from a single lamp into four fiber cables and installing a shutter between the cable and lamp. This approach caused the light to be transmitted through the four cables intermittently, provided intermittent flashes of light in the direction of the evacuation route, and enhanced the effectiveness of the system.

Telecommunications optical fibers are all made of quartz; the section which transmits light is narrow and measures 10 microns (1 micron equals one-1,000th of a millimeter). However, the new system used fibers which were thickened to 200 to 400 microns in the sections where light is transmitted and other sections were fabricated from plastic. The result was the flow of the appropriate amount of light over long distances.

The association is involved in a project for the development of technology to be used in government-sponsored projects in the area of super-deep underground systems. It has developed plans to build a round dome-shaped structure at the super-deep level and to install cables around the circumference of the dome as well as in the direction of its center.

MPT Announces Plan To Promote Urban CATV

942A0696A Tokyo NIHON KEIZAI SHIMBUN in Japanese 9 Sep 94 p 14

[Text] On 8 September, the Ministry of Posts and Telecommunications [MPT] published a document titled, "Current Situation and Promotion Plan" for cable television (CATV). According to the document, subscribers to CATV in urban areas have increased as planned by 51.5 percent in the three years ending in March 1994, but operating deficits for the industry as a whole, totaling 140 firms, registered at 20.9 billion yen, roughly the same as the prior year.

Regarding CATV as a growth industry and standard-bearer for the integration of broadcasting and telecommunications, the MPT hopes to implement a plan to promote the industry through deregulation and improvement of the operating environment.

According to the MPT, nationwide subscribers to CATV as of the end of fiscal year 1993 totaled 9.22 million households, reflecting a 10.6-percent increase over the prior fiscal yearend. Of that number, urban area CATV subscribers with interactive capabilities registered a sharp increase from 1.07 million to 1.62 million households.

It is said that the improving trends were attributable to the launching of 17 new CATV operators in a one-year period and increased awareness of CATV services among subscribers.

However, CATV operations normally take five to seven years to become profitable in many cases. Accordingly, a look at fiscal year 1993 earnings reports shows that only 31 firms—22.1 percent of all firms—were able to record profits.

The document also points out that future growth of the industry will require government aid in the development of software and deregulation to facilitate new market entrants and expansion of CATV operations.

The document also points out the need to attain compatibility of telephone numbering systems with Nippon Telegraph and Telephone (NTT) and to determine rate structures in order to provide for commercialization of CATV telephone services.

MPT To Distribute Information Through Internet

OW1609095294 Tokyo KYODO in English 0836 GMT 16 Sep 94

[Text] Tokyo, Sept. 16 KYODO—The postal ministry [MPT] said Friday it will distribute information in English to mass media at home and overseas through Internet, the world's largest computerized communication network, starting Monday [19 Sep].

The Posts and Telecommunications Ministry said the materials for distribution will be about one-week old because of the time needed for translation.

The ministry said bulletins concerning an executive meeting of the International Telecommunications Union opening in Kyoto Monday will be included in the information.

Subscribers of Internet are estimated at 30 million worldwide, the ministry said.

MITI Lowers Targets for Alternative Energies

942A0690A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 11 Sep 94 p 3

[Text] The government is revising downward the goals for long-term supply of petroleum alternative energies such as nuclear power and hydropower. The goal for supply in fiscal 2010 will be a total of 330 million kiloliters converted to crude oil, a reduction of 30 million kiloliters from the current goal. A cabinet decision will be made on 13 September. The price of crude oil is stable and it is felt that achievement of the current goal will be difficult because the construction of nuclear power plants is having rough sledding, in addition to the introduction of new energies such as solar power and wind power having become comparatively expensive.

The revision in the goal for supply of petroleum alternative energies will be the first in four years since October 1990.

Viewing the new supply goal by energy category, although natural gas is 81 million kiloliters in crude oil conversion, a 1 million kiloliter increase from the current goal, nuclear power and coal are revised downward. The ones with a wide margin in the downward revision are new energies such as solar and wind power, which will be 19 million kiloliters in crude oil conversion, about half of the current goal. Besides nuclear power, which will be 107 million kiloliters, a reduction of 3 million kiloliters in crude oil conversion, coal will be 98 million kiloliters, a reduction of 5 million kiloliters.

Petroleum alternative energies in fiscal 1993 accounted for 41.8 percent of the primary energy supply, 226 million kiloliters in crude oil conversion. MITI has established the goal of 635 million kiloliters, a reduction of 22 million kiloliters, for the estimate of the primary energy supply in fiscal 2010.

Asahikawa Gas Turns to Natural Gas Alternative

942A0692A Tokyo NIHON KEIZAI SHIMBUN in Japanese 7 Sep 94 p 1

[Text] Asahikawa Gas (Asahikawa city, President Fumio Ikoma) is commencing a program to supply a natural gas alternative with liquefied petroleum gas (LPG) as the raw material. The company aims to make the conversion utilizing LPG which it is currently using because there are no close natural gas mining areas or liquefied natural gas (LNG) bases and a huge facilities investment would be necessary to lay a pipeline. Asahikawa Gas will build a test plant jointly with big Osaka Gas, begin operation within the year, check out problem points accompanying gas conversion, and proceed with the supply program. Natural gas alternative supply programs by medium and small city gas companies are said to be rare nationwide.

In addition to natural gas having fewer nitrogen oxides compared to LPG, being safe and low polluting, the amount of heat when burning the fuel is great. For this reason, the Ministry of International Trade and Industry [MITI] has advocated conversion to natural gas, and the city gas and gas equipment industries are jointly undertaking it nationwide with 2010 as the goal.

Hokkaido Gas, the largest company in Hokkaido, is bringing in natural gas mined at the Yufutsu gas field in Tomakomai to Sapporo by a pipeline, and plans to convert over a 10-year period beginning in fiscal 1996. In the case of Asahikawa Gas, however, a huge facilities investment is necessary for gas conversion by laying a pipeline, it was judged that it would be impossible because of the high cost, and it decided to study unique methods.

The company decided to proceed jointly with Osaka Gas because the company is undertaking development of a system which can easily supply even medium and small city gas companies with a natural gas alternative using LPG as the raw material. In the Osaka Gas data, the methane component ratio has been increased up to 85 percent by various kinds of catalysts and it can be used in conditions close to natural gas.

A test plant will be built on a full-scale for the first time by Osaka Gas to verify the data so far. Asahikawa Gas will provide the site, electricity fee, and personnel. The construction site is within the Nagayama plant (Asahikawa), site clearing work will be completed during this month, and plant construction will begin in October. Tests will continue until around March 1996. Recently Asahikawa Gas made calculations of cost accompanying conversion and equipment adjustment tests. Based on these results, it has decided to continue the conversion program, and it appears that actual supply will be in the 21st century.

Asahikawa Gas began the gas business in 1934, and currently supplies city gas to about 80,000 households within the city of Asahikawa and about 20,000 households within the city of Ebetsu. There are many medium to small businesses that embrace the same conditions nationwide in conversion to natural gas, and it seems to be attracting attention.

Most Gas Companies Continue Temporary Discounts

942A0689A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 12 Sep 94 p 15

[Text] According to the Japan Gas Association (Hiroshi Watanabe, chairman), currently 52 of 60 local city gas companies who have been implementing temporary discounts from high yen marginal profit rebates will continue the discounts in October and thereafter. One new company has firmed up the start of a discount. Fifty-three companies will make applications to the Ministry of International Trade and Industry [MITI] by the middle of this month, and prospects are that they will be approved by the end of the month. The average amount of the discount is 65 yen a month for the standard family, and the period of implementation is scheduled to be one year. Eight companies such as Hokkaido Gas have discontinued discounts because of the price increase in liquid petroleum gas (LPG) fuel and increased facilities investment.

The eight companies not continuing the discount are Hokkaido, Asahikawa, Kushiro, Iruma (Saitama Prefecture), Shin Nippon (Saitama Prefecture), Kuwano (Kanagawa Prefecture), Odawara (Kanagawa Prefecture), and Shikoku (Ehime Prefecture). The one newly making a temporary discount is Sobu Gas (Chiba Prefecture). The three big companies, Tokyo Gas, Osaka Gas, and Toho Gas, already announced on 23 August that they will continue the temporary discounts.

Damage by Drought Hits Second Postwar High

OW1309121594 Tokyo KYODO in English 1033 GMT 13 Sep 94

[Text] Tokyo, Sept. 13 KYODO—Damage caused to agriculture by drought hit 77.4 billion yen as of last Thursday, marking the second-highest postwar figure, the farm ministry reported Tuesday [13 September].

The figure was up about 30 percent over previous data in late August and compares with a postwar record of 138.2 billion yen set in 1978, the Ministry of Agriculture, Forestry and Fisheries said.

Hardest hit was rice, which suffered 24.9 billion yen worth of damage, the ministry said.

Damage to citrus products totaled 24.4 billion yen while that to vegetables amounted to 14.1 billion yen, the ministry said.

It said damage to the dairy industry accounted for 2.7 billion yen, including deaths of about 4,700 milk cows, 4,600 hogs and about 1.96 million chickens.

By region, Kyushu, Japan's southernmost main island, saw damage totaling 24.2 billion yen, followed by the Chugoku-Shikoku area with 17.1 billion yen and the Hokuriku District with 11.2 billion yen, the ministry said.

Food Agency: Rice Consumption Falls To Record Low

OW0909102894 Tokyo KYODO in English 0955 GMT 9 Sep 94

[Text] Tokyo, Sept. 9 KYODO—Rice consumption fell to a record low during the April-June period, reflecting the rice shortage at the beginning of this year which was exacerbated by delays in delivery of imported rice, the Food Agency said Friday [9 Sep].

The agency said that rice consumption per person in nonfarm households dropped 5.7 percent to 5,093 grams during the three month period from the same period the previous year.

The drop compared with a decrease of 3.3 percent during the preceding January-March period and a 1.9 percent fall in the October-December period last year.

Until the problem of rice shortage began to surface in October last year, the fall in monthly rice consumption per person had been between in the 0-1 percent range.

During the April-June period, rice consumed at home in nonfarm households declined 6.3 percent to 4,095 grams, while rice eaten at restaurants fell 3.2 percent to 998 grams.

An official at the Food Agency predicted that consumption of rice will pick up again, noting that people only temporarily turned to eating more noodles and bread when it was difficult to get hold of rice.

Rice wholesalers are not so optimistic, especially with the abundant rice harvest this year. "Rice isn't getting into people's menus as in the past," one wholesaler said.

Price, Quantity, Sales on Imported Rice Examined

942A0414A Tokyo SEKAI in Japanese Jul 94 pp 176-184

[Article by Sadahiko Koizumi, MAINICHI SHIMBUN economic reporter: "Price, Quantity, Sales, Import Cartel of Imported Rice Followed"]

[Text] **Supermarket Sells Thai Rice for 100 Yen a Kilogram**

It was "due to surplus." A major supermarket chain, Jasco, has just begun to sell imported rice from Thailand for 100 yen a kilogram. This sales campaign, which included classes in Thai cooking, took place in late April [1994] at 180 of its stores nationwide.

Though rice is in short supply, there are plenty of other foods. Young people are not particular about rice. Despite all this, the Food Agency has decided to import up to 2.6 million tons of rice by the summer 1994, saying that last year's rice-crop index registered 74, the worst in the past several decades, and that, considering supply and demand, rice supply will be short by more than two million tons. Of the planned 2.6 million tons of rice, 1.7 million tons has already been purchased in March. In reality, supermarkets are selling the imported rice for half the official price, not knowing what to do with the enormous amount of imported rice.

Since, all of a sudden, the Japanese Government tried to import rice in such a great quantity, which far exceeded the 790,000 tons (1990-1992 average) of Iran and 570,000 tons of Saudi Arabia, the greatest importers of rice in the world, the purchase was reckless. The government's plan was to first supply two million tons of rice. Naturally, therefore, most of it was going to be Thai rice which were plenty in stock. The imported California rice, which is said to suit Japanese taste, was at most 300,000 to 400,000 tons. Scores of thousands of tons of rice came from Australia. They imported Chinese rice also, but because of transportation problem, its arrival was delayed.

The quantity of rice arrived by 25 May by country is as follows: 500,000 tons from Thailand; 630,000 tons from China; 300,000 tons from the United States; and 50,000 tons from Australia.

The worldwide consumption of rice indicates the sticky Japonica type, which Japanese prefer, is less popular than the dry Indica type, or rather the population that eats Indica rice is much greater. For the European dish of pilaf, not to mention Indian and Thai dishes, dry rice is more suitable. This does not mean that one is superior than the other. People have been cooking rice the way that most suited the kind of rice they harvested.

In Japan, it is not strange or wrong for people to think that Japanese grown rice is the best. However, it is strange to think that Thai rice is inferior and does not taste good. Depending on how it is prepared and as one becomes familiar with it, Thai rice will be liked and eaten more. People would reject, if suddenly the government imports rice in a great quantity and tell them: "Here, eat." Whether rice or other products, "there's no price for leftovers." In case of rice, if the supply goes over the normal amount by 10 percent, the price will be reduced to half, and if the supply is 20 percent short, then the price will double as shown by the experience of the Edo era [1603-1868] market quotation of rice.

Japanese Food Agency imported too much Thai rice. It rashly decided to import rice, judging that rice is in short by two million tons. This was the government's approach, which is different from businessman's approach. If it were a trading company or a supermarket chain, it would first figure out "if it would sell" and "what the price should be, in order to sell." But the priority for the Food Agency of the Ministry of Agriculture, Forestry, and Fisheries [MAFF] is to be able to say "it has secured the quantity in order that it will not be criticized by the Diet and people." Since the price of Japanese rice is 10 times that of Thai rice and five times that of U.S. rice, it optimistically thought that imported rice will undoubtedly make profit regardless of the price.

In April, Thai rice was traded 60 to 40 yen per kilogram among dealers.

What kind of price is 40 yen per kilogram? It is not much different from the price in Thailand. It is the same as the price for which a Japanese trading company bought from a Thai exporter. Because of this, a trade magazine SHOKEI ADOBAISU (28 April [1994] issue) reports that concerning Thai rice, Japan's price "became the lowest in the world."

Because of Japan's buy up of rice, the international market price of rice doubled, and from the Middle East nations' point of view, they must be hotly indignant with us.

What caused this strange phenomenon? It is because the government has made Thai rice "the leftover."

The Food Agency's Forceful Way of Business Miscalculated

The last year's failure of the rice crop in Japan became evident in July or August. I was born in the mountains of Nakadori, Fukushima Prefecture. I happened to go home in August on bon vacation. I heard from those working in the rice fields in the neighborhood, "We have 50 percent crop this year." However, according to the crop report index forecast, announced by MAFF at the end of August, the figure was 95. It was below against previous years, but it was not too bad. From August to September, the Food Agency of MAFF kept on saying, "even if we have a bad crop, we can manage by using the next year's early delivery rice," and they did not show the slightest signs of importing.

However, it became clear that Tohoku rice was not growing ripe, and even an amateur could tell that recovery of the crop was not going to be possible. On 30 September 1993, when the government was forced to conclude, from the reports coming from various parts of the country, that the crop is substantially low, it decided on the "emergency imports of rice." The plan was to import 200 thousand tons of rice tentatively.

In the Diet, in counteracting the pressure from the United States to open up the rice market, "policy of self-sufficiency in rice" was passed three times. The Japanese Government, which had stubbornly maintained its position in the Uruguay Round trade negotiation that "we will not open the rice market," suddenly announced the emergency imports of rice. It became apparent that the crop was going to be the worst since the World War II, with crop index of 74, and the supply-demand of rice situation was becoming too close. The Staple Food Control Law, though emasculated, still existed. The government needed to fulfill its responsibility to supply the needs. The temporary import was necessary. This was the government's official explanation.

However, at the same time that when the poor rice crop became evident and the emergency imports of rice was being planned, Japan was being pressured by the United States to make a final decision in the Uruguay Round. What was on the mind of Vice Minister Akio Kyoya, et al, of MAFF at the time that Japan may have to be forced to open its market in the Uruguay Round, but in order to overcome the objections from the Diet and people, there was no other way than to import rice in substantial quantity and tear down the external and internal image of Japan which was "not willing to import one grain of rice." In fact, it later became clear that the agreement between Japan and the United States had already been reached in September that Japan would accept opening of its rice market in the middle of October although they set six years as grace period, and until the end of the period, they would accept the minimum access (minimum export).

The greater the shock or bewilderment is, the more effective it is. Despite the fact that Japan insisted that it would not import, on the contrary, once it decided to import, the original 200 thousand tons increased to one million tons, and then to 1.9 million tons. The import plan continued to expand, and on 28 March, they announced their plan to import up to 2.6 million tons of rice by the summer 1994.

Food Agency's decision was to import cheap foreign rice at about 50 to 70 percent of the price of Japanese rice. If the price of semirationed rice handled by the Agricultural Cooperatives was approximately 25,000 yen per one pyo (60 kg), Food Agency's plan was to sell the same amount of California rice for 16,890 yen (roughly 70 percent), Chinese rice (kotan rice) for 15,575 yen (roughly 60 percent) and Thai rice for 1,1992 yen (roughly 50 percent). As for Thai rice, they were to purchase it for one-tenth of the price of Japanese rice, and sell it for half. If they could sell, this would have been a most profitable business.

However, it did not turnout so well. It is natural that people think Thai rice does not taste good if it is prepared the same way as Japanese rice. In addition, negative information spread because some one asked in the Diet about "the dead rats, cigarette butts, and rocks found in Thai rice" and also becuase consumer groups questioed about the safety of imported rice.

Originally, they planned to import Thai rice to use for crackers and processed food. However, they decided to sell Thai rice for cooking use because of the delay of California, Chinese, and Australian rice. It is only natural for the Food Agency, which has already bought Thai rice in great quantity, to be concerned that Thai rice will be left unsold, especially when it turned out to be unpopular. That's when the agency came up with "blend" (mixed rice) idea.

On 7 March, Director General Ueno of the Food Agency announced the agency's policy that "as for government's rice, we will give instruction to blend Japanese and foreign rice and sell." The agency's reasoning is "If it sells whatever sells, then it will be sold in the order of Japanese rice, California rice, and Australian rice," and all that will be left to sell would be Thai rice at the end. It would be fair to blend all kinds and sell.

However, the consumers objected this "forcing" of the blend. Aside from the executives at the Food Agency, everyone in Japan must have felt uneasy. They had the impression that the government publicly admitted that Thai rice tasted terrible and forcing everyone to mix it with other rice to eat. If the government lowers the price of Thai rice, consumers would eventually eat it. However, they will not stand the forceful way of blending it in from the beginning. The next day, the Food Agency corrected its policy saying, "Blending is not a requirement. According to wholesalers and retailers' discretion, they may sell it separately." However, this rice blend inflamed the mood of "wanting to eat only Japanese rice."

The idea of selling leftovers by blending it with others is not new. This way of business that blending any white rice, which is 20 to 30 percent cheaper, such as Hokkaido grown Yukihikari, in a brand rice Koshihikari has been common in this industry. Some stores in the metropolitan area blend Australian or Chinese rice, which are difficult to tell from Japanese rice, with Japanese Akitakomachi, and are selling it for 7,000 to 8,000 yen for 10 kg as 100 percent Japanese rice.

"Blend" rice, which differs in price, is common in the rice industry. The Food Agency even tried to produce rice and barley blend back in 1977. Contrary to today's situation, the government was having problem dealing with old rice because of the excess domestic rice. The Food Agency planned to mix rice in flour. At that time, the government's rice in stock reached five million tons, and the government and the Agricultural Cooperatives were running a campaign to expand rice consumption. The Agency proposed a plan to mix rice powder in flour and sell.

The plan did not come to realization because of the objections from the flour mill industry and the consumers. But government's conceptions are always the same.

Although the proposal to blend Thai rice and the domestic rice from the beginning and only make blended rice available was revoked, the regular wholesalers, who have to buy the government controlled rice, cannot escape their quota of 20 percent of Thai rice. The same goes for the retailers. However, if their customers do not want Thai rice, they cannot push it on them. The one that can force it is the Food Agency that possess authority. The Food Agency adds Thai rice to the sale of domestic, Australian, and Chinese rice which wholesalers and retailers accept. Although the price of Thai rice is half that of domestic rice, the government's sale price of Thai rice is 190 to 200 yen per one kg. Although retailers are supposed to sell 10 kg of Thai rice for 3,000 yen, in reality it does not sell. The retailers cannot afford to keep the unsold Thai rice in heap. That is why they tell the wholesalers, "You don't have to bring it to us. Instead, please buy it back from us for half the price." The wholesalers are in the same situation. They try to sell several tons of Thai rice in bulk to a large buyer. And the price has fallen to as low as 40 yen per kg.

The Food Agency has made a mistake. Since the rice supply was two point some million tons short, it thought it could fulfill its responsibility by importing rice from any country and push it on the people. It thought, if it has too much Thai rice left, then it can make the dealers sell it blended with other rice. The government's way of dealing with the problem, totally ignoring the psychology of the consumers and the market, caused the price of Thai rice to fall to the lowest in the world. If the people of the world find out about this, they will surely say that Japan's administration and government concerning food do not make sense.

Judging from these facts, there is a limit to the current government's way of food control. It is being proved that it is unreasonable for the government to give orders and make plans concerning rice and food that people eat.

The current government's food management system is such that they buy up world's rice and virtually "throw it away."

The Food Control System's Fall Has Become Definite

There was an argument that if cheap foreign rice is imported, the domestic rice industry will suffer a great damage and be destroyed. However, on the contrary, as a result of importing rice in the past half year since last year, the price of the domestic rice has gone up, and at far as this year is concerned, it has encouraged the rice farmers greatly. Rice farmers learned that their rice would sell for twice or three times more, and that listening to the Agricultural Cooperatives would not make their business profitable. Although the same situation as this year would not last forever, they have begun to see that there could be farming and markets which did not fit the government's scenario. The rice import problem has enlarged the tear in the food control system. The government has postponed the opening of the rice market to six years later, and until then it is planning to unitary import rice and basically to maintain the framework of the food control system. The government is planning a reform of the food control system, which includes the some corrections such as acceptance of flour tariff, and a system to reserve rice. However, it cannot protect Japanese rice any longer with such cheap trick reform.

First of all, it cannot stop the deregulation of rice distribution. As in the trading of Thai rice mentioned earlier, the price of 40 yen per kg already exists among traders. This is in spite of the government's instruction that government sells the rice for 200 yen per kg to a wholesaler, and the wholesaler sells it to a retailer for 300 yen. Although the government gives instruction, the market cannot act accordingly. On the other hand, the best rice Koshihikari produced in Uonuma [distric in Niigata Prefecture] is sold for three times the government's purchasing price, and honest farmers who sell the same rice to the Agricultural Cooperatives as the government's rice make fools of themselves. A wise farmer would develop a direct route with consumers and find buyers by themselves.

"Specially grown rice" was spotlighted. It is a system where a producer can directly sell to consumers with the Food Agency's approval as long as they are special brands of rice, such as the one grown without chemicals or grown with special method. For example, the producer and the consumer may make an agreement for 100 kg a year for 6,500 yen per kg. This way, both parties can safely deal with each other, and rice farmer can have a higher profit, not going through the Agricultural Cooperatives. The specially grown rice only has 2 percent of the share in the total rice distribution. However, for this year, most of these rice farmers are all booked, and they are taking next year's orders now.

The structure of the Agricultural Cooperatives is shaky, also. This is because that although the route Zenno [National Federation of Agricultural Cooperative Associations]—Prefectural Economic Federation—Agricultural Cooperatives," had been the government authorized route for rice distribution, and monopolizing the market under the Staple Food Control Law, it became known that sometimes they were dealing with free rice (black market rice) instead of legitimate rice. On the other hand, the Agricultural Cooperatives, which tries to give farmers the maximum profit, has become enthused about developing specially grown rice. The incident of Tokyo Pearl Rice, a Zenno sponsored rice mill company, took place three or four years ago, and it was well known in the industry. In march, it drew attention again because of magazine and newspaper articles. Nagano Prefecture Economic Federation sold Koshihikari and others in a great quantity to Yamazakiya, a rice dealer in Kawagoe, Saitama Prefecture, and Yamazakiya was sending it to Tokyo as free rice (black market rice). However, 2.3 billion yen of the total price remained uncollected. This became a serious affair.

Tamotsu Okada, leader of the Agricultural Cooperatives of the Northern Chiba Prefecture, brought a charge against Zenno with an open interrogation at the end of 1993. The major rice mill company was owned 80 percent by Zenno, which had sent one of its executives as president. This company had been sending 1,000 to 2,000 tons of rice knowing that it will end up in the black market. This was found out because one of the brokers in the process happened to ran away with 2.3 billion yen. Had the money been collected normally, it would not have become a scandal.

In Niigata Prefecture, Fujii Shoten, a major company of 16 billion yen a year, which deals with waste (crushed) rice for use in miso and sake, had been selling the rice it purchased as waste rice for half the price of regular rice to the free rice market as regular cooking rice. The company was punished by the Food Agency in April. However, Zenno and Niigata Prefecture Economic Federation were the ones that had been doing business with Fujii Shoten.

Of course, its business mainly concerned the real waste (crushed) rice. But if the company sneaked in a little bit of regular rice and sell to the free rice market, the profit would be enormous. There is also a system in which regular cooking rice is changed to other use rice and is bought for a cheap price. Since the other use rice is not used for cooking, it needs to be broken up or shaved. Fujii Shoten was entrusted with such processing of the other use rice. From giant organizations, such as prefectural economic federations and Zenno, to agricultural cooperatives in cities, towns, and villages, there is no organization which do not have anything to do with the black market rice.

Just as the free black market was alive under the planned economy of the Soviet Union, the government approved organizations, such as the Agricultural Cooperatives, Economic Federation, and Zenno, were all deeply involved in the "free market." Their involvement in the black market is being exposed one after another.

It is not that the Agricultural Cooperatives is acting abnormal. Instead, we need to understand that it is unreasonable for the government to control and regulate rice distribution at peacetime though it may be alright in an extraordinary situation, such as war.

I think the value of Thai rice is underestimated. As for Australian and U.S. rice, many travelers and Japanese businessmen overseas send home up to 100 kg per person separately when they come back to Japan. According to Professor Yoshio Sugimoto, who has been teaching international comparative culture at University La Trobe in the suburb of Melbourne for 20 years, says, "Australian rice which only costs 80 yen a kilogram here tastes just as good as Japanese Sasanishiki. When a Japanese businessman goes home, he would buy 200 kg of rice with his wife to take home. Of course they use Australian rice at Japanese restaurants here."

Individual import of rice has become popular, also. Once the price of domestic rice reached 12,000 to 18,000 yen per 10 kg at the peak. Even including the air transportation, an individual can import rice and still make substantial profit.

If it is not for sale, an individual is allowed to import up to 100 kg of rice a year. There are agencies which act for individuals in process of import. The Japanese branch office (in Kuroishi, Aomori Prefecture) of Universal Export Corp. (headquartered in Seattle) imports 18 kg package of Australian medium grain rice for 9,900 yen. In March [1994], it had 200 orders a day, five tons a week.

I hear the major supermarket chain industry is going to demand the government "deregulation of distribution system" that will allow them to make contracts with farmers directly and sell rice. Despite having superabundant food, the rice distribution has been limited to government authorized companies, most of which have been limited to be within the route of Zenno—prefectural economic federation—Agricultural Cooperatives. This has resulted in the overrun of black market rice, the decrease in number of rice growers, and the highest price of rice in the world.

Production and distribution should be deregulated. It is possible that the rice price may rise or drop, or the supply may become short. However, it has been proven this past year that the same thing is possible under the current system in which the government regulates and controls the rice distribution. Now that the import route has been open, there is no need for concern that a trading company may buy up rice and the price may skyrocket.

It is my impression that only the Food Agency, Agricultural Cooperatives, especially the top organizations, such as Zenno and economic federations are wanting to keep the food control system.

Import of rice is being managed by the government. This time, 20 trading companies were assigned to search and import three million tons of rice from Thailand, China, Australia, and the United States. Naturally, there is a question of why those 20 companies were chosen, and if it matters who imported it.

Because the government regulates and controls by the Staple Food Control Law, "black market" and "corrupt practice" occur.

On 18 April 1994 issue of *AERA*, a magazine published by ASAHI SHIMBUN, there was an article (by reporter Hiro Hasegawa) titled "Rebate Suspicion on Thai Rice." The article pointed out that in order for a Thai rice exporter to participate in the export to Japan, there is a route where he had to pay a rebate of $50 per one ton. The general construction scandal exposed to the Japanese people the fact that 2 to 3 percent of public construction work becomes contribution to politicians. It is not surprising if the same thing happens with the imported rice.

Mr. Hasegawa says that 12 Japanese companies led by Mitsubishi Corporation, tied up with Thai exporters and raised the export price of Thai rice, and the profit from that was shared among high-ranked Thai government officials, Thai exporters, and Japanese trading companies. The article was written after many interviews with those in the industry. It must be very close to the truth.

The export price of Thai rice doubled within three months after Japan decided on the emergency import of rice. However, if Japan had said that it would not buy such expensive rice which cost twice the original price, the price would have gone down. Japanese trading companies freely bought up Thai rice for the highest price, $500 per ton. Although it may be $500 per ton, it is only 50,000 yen. If it sells for 200,000 yen in Japan, they can make a lot of profit, no matter how much they pay for shipping and unloading. The Food Agency, which planned the import of two million tons of rice, had never thought to have trading companies purchase it at a cheaper price.

The leading trading company decides the uniform import price of rice. Concerning Thai rice, the 12 Japanese trading companies discuss and decide to purchase it for a reasonable price, rather than competing among themselves to buy cheaper. Thailand's rice export industry is led by five companies called the "five tigers," which possess the power to manipulate the export price. We can presume that if Japanese trading companies and Thailand's companies conferred, it would not have been difficult to bring up the price of Thai rice to be exported to Japan to double.

There are assigned export companies in each exporting country. However, export to Japan should be open to the other companies, also, since the reason for the limitation is not clear.

Safety, and the Future of Agriculture

"Heisei rice riot" has settled down in May. Looking back, we wonder "What was that line?" Was it only one rat that they found in Thai rice? When asked about it, the Food Agency replied, as of 16 May, "Concerning that rat, we are investigating."

A worker at a flour mill in Fukuoka City reported to the Communist Committee in Fukuoka that he found a mummified corpse of a rat, about eight centimeter long, in a rice sorter machine. Representative Yuko Takahashi of the Communist Party mentioned it in the Diet (at the meeting of Committee on Audit of the House of Councilors), and it was reported on newspapers and televisions. We hear that in addition to the rat, they found cigarette butts, a dead cockroach, and a piece of metal wire.

It is not clear at what stage the rat got mixed in the rice. The cigarette butt was proved to be from Thailand. However, the nationality of the rat is not known, and it is still "under investigation."

It is not strange that rats run around in a rice storage or a rice mill. However, if dead rats show up frequently in the bags of Thai rice, it would be a sanitary problem, and we don't feel good. But there has been only one incident of dead rat, and we should not make a big deal when one rat got mixed in one bag out of tens of thousands of bags. It is not out of the ordinary that we find alien substances and rocks in Japanese rice. Sorting and polishing procedure, however, is more advanced in Japan. Chinese rice, also, received complaints that fungus started to grow in it.

Japan that said it would not buy even one grain of rice suddenly wanted to import two million tons of rice. It must have been difficult for seller countries to cope with that. There might be irresponsible companies. There was an incident during World War I they found a rock in a canned food that Japan had exported. And "cheap and poor quality" Japanese business became publicized. In reality, all the alien substances had been removed from the rice before it got to the Japanese consumers. But it is true that it gave the impression on Japanese people that Thai rice is unclean or unsafe.

A Thai newspaper reported a voice of high government official saying, "I have never heard such a complaint. I wonder if a rat got in the rice on the ship," and a student saying, "If they don't want to eat it, then we should stop exporting to them."

A private institution (Nihon Shison Kikin [Japan Descendants Fund]), which has been suggesting that imported foods have an agricultural chemical (post-harvest) to preserve foods longer after harvest, has made the safety of imported rice its main theme. Undeniably, it has inflamed consumers' domestic rice orientation by spreading the "information," such as that it was possible that about 30 percent of the imported rice had been contaminated with post-harvest.

So far, the residue of agricultural chemicals and the safety issue have not been a problem yet with the imported rice. As in Chinese rice, agricultural chemicals are not used in most cases, and it seems Japanese are making a big deal out of nothing.

It is suspected that in order to conclude the Uruguay Round negotiation, the government is using the imports of rice as a shock therapy, and MAFF's Food Agency has been importing in excess. However, things did not go as the way MAFF had planned. The skyrocketed price of the domestic rice, the unpopularity of Thai rice, and its unexpected low price in the free rice market were not in the government's scenario. However, this might have been a good thing for Japanese farmers. It created an opportunity for them to think about their business independent from the government and the Agricultural Cooperatives.

Measures To Cope With Market Opening Probed

OW0709230894 Tokyo NIHON KEIZAI SHIMBUN 6 Sep Evening Edition in Japanese 7 Sep 94 p 1

[Text] At a news conference held after the cabinet meeting on 6 September, Taichiro Okawara, minister of agriculture, forestry, and fisheries, discussed measures to help farmers and agricultural production after the ratification of the Uruguay Round agreement. He indicated that "these will have to be formulated before the end of September." He also pointed out that, "Radical agricultural measures have to come with budget appropriations. Negotiations with the financial authorities will be important."

Concerning measures to deal with the liberalization of the rice market, Okawara stated, "Discussions with the ruling coalition parties will start this week. I have asked the ruling parties to decide on the agricultural measures by 20 September." He added, "(Along with efforts by the ruling coalition parties to formulate such measures), the Ministry of Agriculture, Forestry, and Fisheries has to draw up its outline of agricultural programs." He thus indicated that by the time the extraordinary Diet session starts in late September, the government will come up with concrete measures.

Blueprint for Rice Distribution Reform Unveiled

OW1509082194 Tokyo KYODO in English 0748 GMT 15 Sep 94

[Text] Tokyo, Sept. 15 KYODO—Japan's farm ministry has worked out a blueprint for rice distribution reforms prior to a gradual opening of the domestic rice market from next year, allowing rice farmers to sell their produce more freely outside government channels, ministry officials said Thursday [15 September].

A new draft food law to replace the present Food Control Law, enacted during World War II, will be submitted to an extraordinary session of the Diet, or the Japanese parliament, later this month for debate and approval, the officials said. The extra Diet session starts September 30.

Under current legislation, rice farmers are obliged to sell their rice only to the Food Agency at prices decided each year according to the recommendations of a government advisory panel. The new rice distribution system under study will scrap this obligation and leave all decisions on the pricing of rice and where it will be sold to rice farmers, while government purchases of rice will be limited to emergency stockpiling purposes, they said.

Of the country's current total rice consumption of 10 million tons, 5.5 million tons are distributed through government-controled channels and the remainder is sold directly from farmers to consumers, wholesalers or retailers.

An official at the Agriculture, Forestry and Fisheries Ministry said the stockpile volume will be raised to 1.5 million tons from the present maximum 1 million tons through a system of private-sector as well as public-sector inventory.

Under the new rice distribution system, tentatively named the Planned Distribution System, farmers are requested to decide each November how much they will plant the following year, based on information provided by the government, and to report the figure to prefectural governments every January, the officials said.

First Genetically Engineered Rice Harvested

OW2009063894 Tokyo KYODO in English 0559 GMT 20 Sep 94

[Text] Tsukuba, Japan, Sept. 20 KYODO—For the first time in Japan researchers on Tuesday [20 September] harvested from open paddy fields 5 kilograms of genetically engineered rice, officials said.

The National Agriculture Research Center and the National Institute of Agro-Environmental Sciences, both under the Agriculture Ministry, developed the rice in 1990 through inserting into it part of the gene of a virus which discolors leaves and causes plants to wither, the officials said. The rice can then withstand the virus.

Researchers at first grew the rice in a closed environment. The harvest in Tsukuba, Ibaraki Prefecture, marked the completion of a four-year research program under guidelines from the Agriculture Ministry, which, the researchers said, has shown that growing the new rice does not harm the ecosystem.

Under separate guidelines soon to be released by the Health and Welfare Ministry, the researchers will now begin studying whether the genetically engineered rice is safe to eat, they said.

North Korea

Delegate's Speech at 13 Sep Geneva Meeting Noted

SK2009134894 Pyongyang Korean Central Television Network in Korean 1100 GMT 20 Sep 94

[Text] The chief of our country's delegation spoke at the third meeting of the Preparatory Committee for the Fifth

Session to examine the implementation of the Nuclear Nonproliferation Treaty [NPT] [haekmugi chonpabangji choyak] held in Geneva, Switzerland, on 13 September.

In his speech, first of all, he said: The Fifth Session to examine the implementation of the NPT, which will be held next year, will serve as an important momentum as to whether to push for the realization of nuclear disarmament.

He said: The NPT, an unfair and unbalanced treaty—which was worked out by reflecting the situation of 25 years ago when the confrontation and competition for nuclear armaments in the Cold War were aggravated—should be turned into a fair treaty in which the haves of nuclear weapons and the nuclear have-nots have equal obligations [uimu]. In order to liberate mankind from the sense of uncertainty over a nuclear disaster, it is necessary to have the treaty revised in conformity with the aspirations and demands of the nuclear have-nots.

He stated: In order to find an excuse to push for their own nuclear plans, Japan and the South Korean authorities are persistently obstructing the solution of the nuclear issue, while fostering and spreading the suspicions over the non-existent nuclear activities of our country. The international community should pay due attention to this, and should intensify an international watch over this.

The speaker went on to make clear our country's just position regarding the nuclear issue, saying: Our position of trying to object to pressure and insistence [kangkwon] of any kind and solve the dispute [punjaeng] is consistent from start to end. The DPRK and the United States of America [mihapjungguk], the direct parties concerned with the nuclear issue on the Korean peninsula, have opened the prospects to solve the nuclear issue at its root through several rounds of talks, and are beginning its implementation.

He continued to note: We cannot but regard the idea of continuing to attempt to apply pressure while turning one's face away from the true nature of the nuclear issue and the developments of the present situation, of trying to achieve political and economic benefits by (?fostering) confrontation, while not wanting the solution of the nuclear issue on the Korean peninsula. Moreover, if anyone were to attempt to find an excuse—through persistent denunciations against us—for the postponement of the treaty for an indefinite period with no revision, this would be a miscalculation.

Delegates Depart Pyongyang for Talks With U.S.

OW2009104594 Pyongyang KCNA in English 1025 GMT 20 Sep 94

[Text] Pyongyang, September 20 (KCNA)—The delegation of the Democratic People's Republic of Korea headed by First Vice-Minister of Foreign Affairs Kang Sok-chu left Pyongyang by plane on September 20 to participate in the second session of the third-round talks between the DPRK and USA to be held in Geneva.

Choe U-chin Sees Delegates Off

SK2009123194 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 20 Sep 94

[Text] Our country's delegation led by Kang Sok-chu, first vice foreign minister, left Pyongyang by air on 20 September to participate in the second session of the third round of DPRK-U.S.A. talks slated to be held in Geneva.

Vice Foreign Minister Choe U-chin saw the delegation off at the airport.

ROK 'Laying an Obstacle' to Peace in Korea

SK2009094194 Pyongyang Korean Central Broadcasting Network in Korean 1223 GMT 19 Sep 94

[Commentary by Yun Pyong-son: "They Should Not Act Indiscreetly"]

[Text] The question of establishing a durable peace system [pyonghwa pojang chegye] on the Korean peninsula is on schedule at the moment. This notwithstanding, by mobilizing pro-government propaganda agencies, the South Korean puppets are making absurd remarks with a view to laying an obstacle to this, while stating that the parties concerned [tangsaja] to a peace agreement should be the South and North and that they should take the initiative in establishing a new peace system.

This is like poking their nose into the establishment of a new peace system, and is really a preposterous act.

The question of establishing a new peace system, which would replace the existing armistice system on the Korean peninsula, should be solved through negotiations between us and the United States [miguk], the parties concerned to the conclusion of the Armistice Agreement. This is not a matter that the puppets can take part in [kkiodul munjega animnida].

As everybody knows, the South Korean puppets are not the party concerned to the conclusion of the Armistice Agreement, but are nothing but colonial puppets that cannot have even the prerogative of supreme command over their own Armed Forces.

Therefore, the puppets are not a party concerned [sangdae] that can sit face to face [maju anjul sangdaega motdoemnida] with us in connection with the question of establishing a new peace system. For this reason, we suggested to the United States of America [mihapjungguk] last April that negotiations be held to discuss establishing a new peace system on the Korean peninsula. And, we have made sincere efforts for its realization.

The government of our Republic also raised this question to the U.S. side, and discussed it during the third round of the Korea-U.S. talks, which has already been held.

In fact, nothing could be solved even if one sat face to face with the dummy puppets who are not the party concerned to the conclusion of the Armistice Agreement, nor have the prerogative of supreme command over their own Armed Forces.

The puppets have no justification, nor legal basis on which they can talk about the question of establishing a new peace system.

This notwithstanding, the Kim Yong-sam ring is babbling as if they were the party concerned in negotiations. This is a preposterous and indiscreet act by those who are ignorant of the stark reality or of where they stand.

The puppets are (?calling for) negotiations with us. This is aimed at taking part in the question of establishing a new peace system and laying an obstacle. This is a preposterous act.

The Kim Yong-sam ring is clamoring that even if the United States and the North concluded a peace agreement, a genuine peace system would not be built on the Korean peninsula. This also is a shameless act.

As has been known, there already is an agreement, which promised [kongyak] nonaggression, adopted between the North and South long time ago.

This being the case, if a peace system [pyonghwa pojangchegyekkaji] was established between us and the United States—the party concerned to the conclusion of the Korean Armistice Agreement, which stations its Armed Forces in South Korea and holds the prerogative of supreme command over the puppet armed forces—this would mean that the most durable and thorough-going peace device would be provided on the Korean peninsula.

The puppets are clamoring that even if a peace agreement was concluded between us and the United States, a genuine peace system would not be established. This is a cry of distress by those who are fretting themselves about the moves for establishing a peace system, and is a cunning trick aimed at preventing the Korea-U.S. negotiations from achieving success by any means [ottokehana].

The puppets are trying to take part in the question of establishing a new peace system, which should be settled between us and the United States. They are, thereby, laying an obstacle; creating complexity; and continuously maintaining the existing, unstable armistice system and making use of their insidious political purposes. But, this is a futile act. In view of the prevailing situation on the Korean peninsula or of the present status of the armistice system, the question of establishing a new peace system is becoming an urgent question that cannot be postponed any longer.

The ship has already pulled up its anchor. No matter how mischievously the puppets are working like mice, a new peace system will surely [pandusi] be established on the Korean peninsula.

The Kim Yong-sam ring should not disgrace itself by acting presumptuously, but ought better correctly know where it should sit and stand.

South's 19 Sep DMZ 'Provocations' Denounced

OW2009105494 Pyongyang KCNA in English 1028 GMT 20 Sep 94

[Text] Pyongyang, September 20 (KCNA)—The South Korean puppets perpetrated a military provocation by bringing large-calibre machine guns and armed bandits in the demilitarized zone (DMZ) again on Monday [19 September], military sources said.

They installed 12.7 mm machine guns at an MP post in the DMZ south of Komsa-ri, Cholwon County, and let some 30 bandits of the post armed with automatic rifles take a firing posture against a post of the North side for a long time, threatening People's Army soldiers on routine duty.

Meanwhile, many puppet bandits armed with machine guns and automatic rifles rushed into the DMZ south of Kwijon-ri and Sasi-ri, Jangphung County, and ran amuck, inciting a war atmosphere.

These are premeditated provocations of the Kim Yong-sam fascist clique to artificially aggravate the situation in the DMZ and drive the North-South confrontation to the extremes.

South's 16, 17 Sep Aerial Exercises Denounced

SK2009042994 Pyongyang KCNA in English 0424 GMT 20 Sep 94

[Text] Pyongyang, September 20 (KCNA)—The South Korean puppets deployed eleven self-propelled 155 mm howitzers, a radar car and over 480 military vehicles loaded with armed bandits and military equipment on September 17 and military vehicles pulling twelve 105 mm guns on the 16th in Phaju County at the mouth of the River Yimjin, a frontline area, according to military sources.

On the 16th and 17th, more than 30 military helicopters and transport helicopters of the puppet army frantically staged an air strike and airlifting exercise in the skies above the frontline areas of Phaju and Yonchon Counties, and Chorwon County, South Korean Kangwon Province. And 105 mm gun groups of the puppet army fired as many as 570 shells toward the areas adjacent to the demilitarized zone in those areas.

On the 17th, more than 10 heavy tanks of the puppet army fired 90 odd shells at random in frontline areas, seriously getting on the nerves of the North.

We cannot overlook such reckless military provocations committed by the enemy while viciously resorting to intrigues to lay artificial hurdles in the way of the improvement of the DPRK-USA relations.

Kim Yong-sam's Remarks on Reform Condemned

SK2009045494 Pyongyang KCNA in English 0439 GMT 20 Sep 94

["Kim Yong-sam Must Confess to His Own Crimes First"—KCNA headline]

[Text] Pyongyang, September 20 (KCNA)—The traitor Kim Yong-sam recently cried for "doing away with collective selfishness" and "liquidating irregularities" before the clan of "the Democratic Liberal Party."

Commenting on this, NODONG SINMUN today says: If the Kim Yong-sam group truly wants the liquidation of irregularities, it must make public its own crimes and face a judgement by the people. The analyst says:

The chief traitor who has betrayed the interests of the whole nation and an absolute majority of the people for the interests of a tiny handful ruling force had the cheek to talk about "doing away with collective selfishness." This is really an act reminding one of a thief crying "Stop thief!"

It is the traitor Kim Yong-sam who totally sold off the South Korean rice market to outside forces at the expense of the six million peasants' vital interests. It is also him who aggravated the situation of the Korean peninsula, acting a shock brigade in outside forces' nuclear clamour aimed at slaying the fellow countrymen in the North.

The Kim Yong-sam group itself committed crimes and, when the people rose up against them, suppresses them, branding their struggle as "collective selfishness." Such thing can be done only by such traitors and fascist hooligans as the Kim Yong-sam group.

It is also disgusting for the traitor Kim Yong-sam to talk about the "liquidation of irregularities."

The group has neither made clear the case of fabulous political funds it received and squandered in "the presidential elections" which created quite a stir nor investigated the irregularities of "the Fifth Republic" and "the Sixth Republic."

It is nobody's secret that, while crying for "liquidation of injustices," the traitor has rapidly beefed up his personal property by collecting colossal "political funds" and misappropriating "treasury funds." The Kim Yong-sam has no face to talk about "elimination of collective selfishness" and "liquidation of irregularities."

South Publications Urge 'Abolition' of NSL

SK1909230894 Pyongyang KCNA in English 2221 GMT 19 Sep 94

[Text] Pyongyang, September 19 (KCNA)—South Korean publications exposed the vicious nature of "the National Security Law" [NSL] and strongly urged its abolition.

The paper MAEIL SINMUN said the "NSL" is infamous with "the three-point reactionary nature—the anti-national nature in being modelled after 'the maintenance of the public order act' of the Japanese imperialists, the anti-democratic nature in charging democrats with being leftists and the anti-reunification nature in terming the reunification movement forces as pro-communists."

CATHOLIC SINMUN said the "NSL" tramples upon the ardent desire of the nation for reunification, the earnest call of the workers and peasants for their vital rights and even the simple demand of the teachers for true education.

The magazine MAL noted that it is considered to be a typical law of human rights abuses because it totally denies the basic rights of the people under the pretext of the North's "threat."

HANGYORE SINMUN stressed in an editorial that the evil law, which has become the target of worldwide denunciation, must be scrapped.

SUNGKYUN TIMES, the gazette of Sungkyunkwan University, said the "NSL" has earned itself an ill fame because the evil law not only bans the freedom of thought but also regards even diaries of people as books on ideology and is applied to singing groups and the press and communications, not to speak of political organizations.

The gazettes of other universities including Korea and Chungang Universities called for struggle for the abolition of the "NSL", a roadblock in the way of social democratization and national reunification.

South Support of Japan's UN Seat Bid Denounced

SK2009044494 Pyongyang KCNA in English 0433 GMT 20 Sep 94

["Treachery Digging One's Own Grave"—KCNA headline]

[Text] Pyongyang, September 20 (KCNA)—The traitor Kim Yong- sam, when he met with the vice-president of the Japan Liberal Democratic Party a few days ago, supported Japan's intention to get a permanent seat of the UN Security Council.

Commenting on this, MINJU CHOSON today charges that it was a criminal act of making a mockery of and insulting the nation for the traitor Kim Yong-sam to favor Japan's intention to become a permanent member of the UN Security Council, not uttering a word about the unanimous demand of the nation for a probe into the truth behind the Japanese imperialists' aggression on Korea, their colonial domination and war-time crimes and for apology and compensation for them.

Noting that the traitor Kim Yong-sam has been driven into a tight corner, utterly isolated within and without, the analyst says:

The "reform" started under the "civilian" veil has turned out to be "malrevision" creating "new vices" surpassing the "old ones" and both politics and the economy have been plunged into a hopeless confusion. Today when the slogan calling for the overthrow of Kim Yong-sam is coming to the fore, the traitor who is engaged in the fascist suppression outdistancing the predecessors with the mobilisation of the evil laws and suppressive machines left over by the military dictatorship, those who had joined hands with the puppet are openly circulating the call for "the change of government in the elections of local self-government bodies next year". And the puppet has fallen out of the favor of the United States by impudently and whimsically trying to poke his nose into the negotiations between the DPRK and the United States for a solution to the nuclear issue. The traitor Kim Yong-sam, knowing only too well that the United States dislikes him for his bothersome acts, he has no alternative but to read the face of Japan.

The puppet's support to Japan's intention to get a permanent seat of the UN Security Council is a token of such consciousness of crisis and spirit of flunkeyist treachery.

The destruction of the puppet who is digging his own grave with treacheries is a matter of time.

Meeting of Korean Youths in Tokyo Reported

SK1909103294 Pyongyang KCNA in English 1013 GMT 19 Sep 94

[Text] Tokyo, September 17 [date as received] (KNS-KCNA)—A meeting of Korean youth in Tokyo was held in Tokyo on September 15 to harden their determination to uphold the dear leader Marshal Kim Chong-il with loyalty in one mind.

At the meeting Im Chong-hyo, vice-chairman of the League of Korean Youth in Japan [LKYJ], made a speech, a lecture on the subject of "Let Us Uphold the Dear Leader True to the Behests of the Great Leader" was given and members of the League of Korean Youth in Japan expressed their determination.

Kim Chun-il, chairman of the Tokyo metropolitan headquarters of the League of Korean Youth in Japan, called for waging a vigorous struggle to achieve national reunification in the 90s under the guidance of the dear leader and expanding and strengthening the ranks of the LKYJ.

"A letter of pledge to the dear leader Marshal Kim Chong-il" was read out at the meeting.

Yeltsin's Special Envoy Arrives on 20 Sep

SK2009135494 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 20 Sep 94

[Text] Panov, special envoy of the president of the Russian Federation and deputy foreign minister, and his entourage arrived in Pyongyang by plane today. Greeting the special envoy and his entourage at the airport were Vice Foreign Minister Yi In-kyu and Yuriy Fadeyev, ambassador of the Russian Federation to our country.

KCNA Delegation Returns From PRC 18 Sep

SK2009112694 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 18 Sep 94

[Text] A delegation of the KOREAN CENTRAL NEWS AGENCY [KCNA], led by Deputy Director General Han Song-pok, which participated in the ninth general assembly of the Asia-Pacific News Agency Organization held in China, returned home by train on 18 September. The delegation was met at Pyongyang Station by Deputy Director General of KCNA Hong Hyon-chong.

PRC Provincial Exports Exhibition Opens

SK2009043794 Pyongyang KCNA in English 0427 GMT 20 Sep 94

[Text] Pyongyang, September 20 (KCNA)—The Jilin Provincial Exports Exhibition of China opened in Pyongyang on September 19.

Present at the opening ceremony were Yi Song-tae, chairman of the State External Economic Affairs Commission, Cho Won-myong, vice-chairman of the commission and chairman of the Korean Committee for the Promotion of International Trade, officials concerned and working people in the city.

Also present were the visiting delegation of the Jilin Provincial people's government of China headed by its Vice-Governor Quan Zhezhu and the delegation of the Jilin Provincial Exports Exhibition, Ning Fukui, charge d'affaires ad interim of the Chinese Embassy in Pyongyang, and other embassy officials.

Light industrial goods, medicines, chemicals and other products presented by companies in Jilin Province, China, are on display at the exhibition which will be open till September 22.

Papers Observe Anniversary of Dominican Relations

SK1809082894 Pyongyang KCNA in English 0815 GMT 18 Sep 94

[Text] Pyongyang, September 18 (KCNA)—Pyongyang-based newspapers today dedicate signed articles to the 15th anniversary of the opening of diplomatic relations between Korea and the Commonwealth of Dominica.

NODONG SINMUN says that the establishment of diplomatic relations between the two countries at the ambassadorial level was a reflection of the common aspirations and desire of the two peoples to support and cooperate with each other in building a new life.

Over the past 15 years the two peoples have made efforts to deepen mutual understanding and promote friendship, the paper notes.

The Korean people believe that the friendly relations between the two peoples would further develop, says MINJU CHOSON. It wishes the Dominican people fresh success in their endeavours.

Swedish Communist Party Leader Meets North Envoy

SK2009103894 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 18 Sep 94

[Text] Frank Baude, chairman of the Swedish Communist Party of Marxist-Leninist Revolutionaries Central Committee, received Yom Kyong-sik, our country's ambassador to this country, on 9 September. In the meeting, the chairman asked the ambassador to convey warm greetings from him and the party Central Committee to the dear leader Comrade Kim Chong-il.

The chairman expressed once again condolences over the death of the great leader Comrade Kim Il-song and said his death causes a great sorrow to them. He went on to say: Korea is the only country which firmly adheres to socialism. We actively support the cause of the Workers' Party of Korea [WPK], the government, and the people. We firmly believe that the WPK led by the dear leader Comrade Kim Chong-il will brilliantly realize the great leader Comrade Kim Il-song's achievements. While expressing active support for the Korea-U.S. agreed statement, he hoped that the statement is realized at the earliest possible date.

Burkina Faso Prime Minister Meets North Envoy

SK2009111594 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 18 Sep 94

[Text] Roch Christian Marc Kabore, prime minister of Burkina Faso, received (Kim Sung-cho), our country's ambassador to this country, on 13 September.

In the meeting, the prime minister said: I express once again my deep condolences over the death of His Excellency President Kim Il-song, the greatest man in the world. The death of the great leader His Excellency President Kim Il- song causes an incalculable, great sorrow and is a loss to the friends of the world and mankind as well as to the Korean people. The Korean people are linked with their leader [suryong] in (?revolutionary) ties. They possess dignity and happiness which others are envious of.

We believe that the courageous and diligent Korean people will continue to inherit the great revolutionary cause which President Kim Il-song devoted all of his life to.

The Korean people will surely achieve the fatherland's reunification and the country's prosperity and welfare [yungsong ponyong] under the wise leadership of the dear leader His Excellency Marshall Kim Chong-il.

The proposal for a confederal system, which His Excellency President Kim Il-song put forth, clearly elucidates all issues of principles arising from the realization of Korea's reunification. The proposal for achieving the reunification through a confederal system is the most just, aboveboard, and realistic.

Korea's reunification should be realized through a confederal system in accordance with the idea of one nation and one state, leaving intact the two different systems and two governments which have long existed in the North and South of Korea.

Korea is one.

We are watching with deep interest the process of solving the nuclear issue on the Korean peninsula. We fully welcome the agreed statement issued between Korea and the United States.

High-Level Officials Attend Chusok Ceremonies

SK2009095394 Pyongyang Korean Central Broadcasting Network in Korean 0800 GMT 20 Sep 94

[Excerpts] On the occasion of the Chusok [Thanksgiving] holiday, party and government cadres, anti-Japanese revolutionary fighters, working people, soldiers of the Korean People's Army, youths, and students laid wreaths at the Taesongsan Revolutionary Martyrs' Cemetery and the Patriotic Martyrs' Cemetery on the morning of 20 September. [passage omitted]

At a wreath-laying ceremony held at the Taesongsan Revolutionary Martyrs' Cemetery, Comrade O Chin-u [member of the Presidium of the Political Bureau of the Central Committee of Workers' Party of Korea (WPK), first vice chairman of the DPRK National Defense Committee as well as minister of the People's Armed Forces]; Comrade Yi Chong-ok [member of the Political Bureau of the WPK Central Committee and vice president]; Comrade Kim Yong-nam [member of the Political Bureau of the WPK Central Committee and vice premier of the Administration Council as well as foreign minister]; Comrade Choe Yong-nim [candidate member of the Political Bureau of the WPK Central Committee and vice premier of the State Administration Council]; Comrade Hong Song-nam [candidate member of the Political Bureau of the WPK Central Committee and vice premier of the State Administration Council; Comrade Kim Ki-nam [secretary of the WPK Central Committee]; Comrade Kim Kuk-tae [secretary of the WPK Central Committee]; Comrade So Kwan-hui [secretary of the WPK Central Committee]; Comrade Kim Pok-sin [vice premier of the State Administration Council]; Comrade Kim Yun-hyok [vice premier of the State Administration Council]; Comrade Kim Hwan [vice premier of the State Administration Council]; Comrade Pak Nam-ki [chairman of Pyongyang Municipal Administrative and Economic Committee]; Comrade Chon Mun-sop [chairman of the State Inspection Commission of the Central People's Committee]; responsible functionaries of the party and power organs, administrative and economic organs, working people's organizations, central organs, organs of the People's Armed Forces, organs of the Public Security, the sectors of science, education, culture, arts, public health, the media, and the press; and workers in Pyongyang were present.

At a wreath-laying ceremony held at the Patriotic Martyrs' Cemetery, Vice President Kim Pyong-sik; Comrade Han Song-yong [member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee]; Comrade Yang Hyong-sop [candidate member of the Political Bureau of the WPK Central Committee and chairman of the Supreme People's Assembly]; Comrade Hong Sok-hyong [candidate member of the Political Bureau of the WPK Central Committee and chairman of the State Planning Commission]; Comrade Kim Yong-sun [secretary of the WPK Central Committee]; Comrade Kong Chin-tae [vice premier of the State Administration Council]; Yu Mi-yong, chairman of the Chondoist Chongu Party Central Committee; responsible functionaries of the party and power organs, administrative and economic organs, working people's organizations, and the sectors of science and education; and workers in Pyongyang were present. [passage omitted]

More National Day Celebrations Abroad Reported

SK1909231294 Pyongyang KCNA in English 2200 GMT 19 Sep 94

[Text] Pyongyang, September 19 (KCNA)—Celebration meetings were held by the National Committee of the Socialist (Communist) Party of Romania, the Danish Workers' Party, Common Cause and the Workers' Party of Zaire and in Nepal, Yugoslavia and Bangladesh on the occasion of the 46th anniversary of the founding of the Democratic People's Republic of Korea.

The participants in the meetings observed a moment's silence in memory of the great leader President Kim Il-song.

Emile Kibala Bey a Nsien, national chairman of the Workers' Party of Zaire, addressing a meeting, said that the DPRK founded by the great leader Comrade Kim Il-song is a powerful dignified socialist state where the workers, peasants and other working people have become the masters of the state and society.

Today the Korean people have changed the deep sorrow at the loss of Comrade Kim Il-song, the respected father of the nation, into strength and courage and turned out in a march to fulfil his behests, united firm around Comrade Kim Chong-il, another great leader, he noted, adding: As long as there are the wise guidance of dear Comrade Kim Chong-il and the singlehearted unity of the leader, the party and the masses, the Korean people will surely achieve the independent and peaceful reunification of the country.

Chairman of the Danish Workers' Party, Common Cause Preben Moller Hansen in his speech said that Korea is a country centred on the popular masses. This, he stressed, encourages them in their struggle to place the popular masses in the centre of everything. Nikola Bucetic, vice-chairman of the Yugoslavia-Korea Friendship Association, in his speech noted that it is a great fortune for the Korean people to hold in high esteem as the leader His Excellency Kim Chong-il who remains unfailingly loyal to the idea and cause of President Kim Il-song. "We are convinced that the Korean people will firmly defend the sovereignty and freedom of the country and turn the DPRK into a more prosperous country under his leadership," he said.

Messages of greetings to Comrade Kim Chong-il were adopted at the meetings in Zaire, Nepal, Yugoslavia and Bangladesh and a congratulatory message to the Korean people was adopted at a meeting in Denmark.

Foreign Leaders Send Greetings to Kim Chong-il

SK1809081194 Pyongyang KCNA in English 0800 GMT 18 Sep 94

[Text] Pyongyang, September 18 (KCNA)—The dear leader of our party and our people Comrade Kim Chong-il received messages of greetings from state leaders of different countries on the 46th founding anniversary of the Democratic People's Republic of Korea.

The messages came from Slovak President Michal Kovac, Portuguese President Mario Soares, Cameroonian President Paul Biya, Macedonian President Kiro Gligorov, Chad President and head of state Idriss Deby, and Vanuatu President Jean Marie Leye.

The messages extend warmest congratulations to Comrade Kim Chong- il on the national day and wish him a long life in good health.

The messages express the belief that the friendly and cooperative relations between Korea and their countries will continue to grow stronger and develop.

Kim Chong-il Thanks Nampo Smelting Works Youth

SK2009041994 Pyongyang KCNA in English 0412 GMT 20 Sep 94

[Text] Pyongyang, September 20 (KCNA)—The dear leader of our party and our people Comrade Kim Chong-il sent thanks to the members of the July 13 Youth Vanguard Shock Brigade of the Nampo united smelting works.

Some 200 youth league members and other young people of the works formed the July 13 Youth Vanguard Shock Brigade and strove to prepare materials needed for the production of a new generating equipment. In this course, they found reserves for the production of larger quantities of nonferrous metals and rare metals, greatly contributing to the fulfilment of the instructions of President Kim Il-song.

At the meeting held to convey the thanks, the speakers vowed to be true loyal subjects and filial sons and daughters who devote their energy and wisdom to the work of handing down through generations the leadership exploits of President Kim Il-song.

They expressed the determination of all young people to remain loyal to the leadership of the respected Supreme Commander General Kim Chong-il and resolutely defend him as five million rifles and bombs as they pledged at the 8th congress of the League of Socialist Working Youth of Korea.

Meeting Marks Kim Il-song Guidance Anniversary

SK2009055294 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 19 Sep 94

[Text] A report meeting marking the first anniversary of the 18 September 1993 on-the-spot guidance to Onchon county by the great leader Comrade Kim Il-song was held on 18 September at the 3 June cooperative farm.

Comrade So Yun-sok, member of the Political Bureau of the Workers' Party of Korea Central Committee, responsible secretary South Pyongan Provincial party, and chairman of the People's Committee of South Pyongan Province; Kim Man-song, chairman of the Administrative and Economic Guidance Committee of South Pyongan Province; Kim Nak-hui, chairman of the Rural Economy Committee of South Pyongan Province; responsible functionaries of the local, party regime organs, administrative and economic organs, and mass organizations; labor innovators; and workers of the county were on hand at the report meeting.

Participants of the report meeting silently prayed looking back upon the memory with respect of the great leader Comrade Kim Il-song who devoted his whole life for the fatherland's prosperity, the people's freedom and happiness, and for realizing the whole world's independent cause.

Comrade So Yun-sok gave a commemorative report at the report meeting.

[Begin So Yun-sok recording] Embraced with the endless yearning and admiration for the respected and beloved leader who provided a great change in the tideland farm work on this glorious land, today we are significantly commemorating the first anniversary of the fatherly leader's on-the-spot guidance of the 3 June cooperative farm and the state-run 3 March farm in Onchon county held on 18 September 1993.

On this day we cannot but refrain from the sadness of not being able to invite the leader again to see the bumper crop provided again on this tideland, which was an earnest desire of the fatherly leader when he was alive. When thinking that we can never see the benevolent reflection of the fatherly leader, who smiled brightly and who was so happy, while looking at the bumper crop when he visited the farms in September of last year, there is no way to suppress the seething sadness. The great leader who [words indistinct] was very satisfied over the fact that farming work was carried out by the farmers themselves without receiving any help.

The great leader watched the farmers harvesting happily with machines, established the 3 June cooperative farm and the state-run 3 March farm into an overall mechanized [word indistinct] unit farm, and presented a programmatic teaching in all the more manifesting its example in generalizing it throughout the nation.

The great leader frequently checked upon the situation of farming at the cooperative farms and on the status of promoting the overall mechanization, sent many modern agricultural machines and tools including trucks, tractors, and reaping machines, and bestowed great benevolence of first of all sending many agricultural chemicals and fertilizer. [end recording]

The reporter continued to say that agricultural workers in Onchon county, including the 8 June cooperative farm, the state-run 3 March farm, and the Kumdang cooperative farm, are vigorously carrying out the struggle to implement thoroughly the great leader's on-the-spot guidance, even under unfavorable climate conditions, to carry out farm work under the demand of the chuche farming method. He also talked about the enhanced production of food grain crop compared with last year, and continued:

[Begin So recording] All the agricultural workers must highly uphold the great leader's 18 September 1993 on-the-spot guidance, bring about a great upsurge in agricultural production, and must brilliantly fulfill the task as presented in the socialist agricultural theses.

The dear leader Comrade Kim Chong-il is a great leader [widaehan yongdoja] and a fate of all of us who are experiencing the great leader's extraordinary revolutionary ideology and lofty leadership trait. We must loyally uphold the dear comrade leader's leadership.

The fall harvesting and thrashing must be quickly accelerated so that it can be finished to vigorously prepare for next year's farming season. All the agricultural workers must highly uphold the great leader's teachings and mobilize all the agricultural machines, including a reaping machine sent by the leader to finish rice harvesting by late September, and at the same time accelerate thrashing quickly.

All the farmers must not forget that each grain provided this year is truly a precious grain provided by the fatherly leader's strength and efforts up to the last days of his life. They must also substantially carry out harvesting so that even one grain does not go to waste. Thus, this year's farming must be completed by late October so that from November and December, all strength can be concentrated to prepare for next year's farming.

We must deeply bear in mind the rock-firm faith that the great leader Comrade Kim Il-song is with us eternally, and vigorously manifest a new turning point in agricultural production to once again vigorously demonstrate the superiority of our country's socialist rural economy system. [end recording]

PRC Delegation Visits Kim Il-song Statue

SK1909052294 Pyongyang KCNA in English 0512 GMT 19 Sep 94

[Text] Pyongyang, September 19 (KCNA)—A PEOPLE'S DAILY [RENMIN RIBAO] delegation of China led by Deputy Editor-in-Chief Wu Chunhe and a Jilin City Friendship Delegation of China called at the statue of the great leader President Kim Il-song on Mansu Hill Sunday [18 September] to honour his memory.

The guests presented bouquets of flowers before the statue of President Kim Il-song and observed a moment's silence.

The PEOPLE'S DAILY delegation arrived in Pyongyang Sunday.

Anniversary of Death of Kim Chong-suk Marked

SK2009043594 Pyongyang KCNA in English 0421 GMT 20 Sep 94

[Text] Pyongyang, September 20 (KCNA)—A symposium was held here on Monday on the lapse of 45 years since the death of Comrade Kim Chong-suk, an indomitable communist revolutionary fighter (September 22, 1949).

It was attended by Secretary of the Central Committee of the Workers' Party of Korea Kim Chung-nin, anti-Japanese revolutionary fighters, officials of the Central Committee of the Korean Democratic Women's Union and union members in Pyongyang.

Speeches made at the symposium called for following the noble example of loyalty to the great leader President Kim Il-song set by Comrade Kim Chong-suk, so as to uphold the dear leader Comrade Kim Chong-il with loyalty and filial piety.

The speakers said Comrade Kim Chong-suk, with unshakable faith and spotlessly clean conscience and noble sense of obligation of a revolutionary to uphold respected Comrade Kim Il-song as the great leader of the Korean revolution, devoted her all to the realization of whatever he intended and wished.

Deeply conscious that the great leader's line of the anti-Japanese armed struggle was the only way of liberating the country and emancipating women, she joined in the revolutionary struggle, organised many women to take an active part in the armed struggle, and closely united them around the organisation, noted the speakers, adding: "After the liberation of the country, she greatly contributed to the strengthening of the women's union into a revolutionary mass organisation and to the powerful mobilization of broad segments of women in the building of a new country."

In the days of her struggle on the rigged path of revolution, she showed with her practical example what faith and will, attitude and position a chuche-type communist revolutionary must take in upholding his leader, they said.

The speakers stressed that all the women officials and members of the women's union must actively learn from the brilliant revolutionary life of Comrade Kim Chong-suk and prepare themselves to be loyal subjects and filial daughters of the party and the leader.

All the women officials and members of the women's union must uphold the great leader of our party and our people Comrade Kim Chong-il with loyalty and filial piety and contribute to the accomplishment of the cause of socialism of chuche started in the thick forests of Mt. Paektu, cherishing the behests of the respected leader Comrade Kim Il-song, the speakers emphasized.

Discharged Soldiers Volunteer for Rural Work

SK2009105994 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 19 Sep 94

[Excerpt] Soldiers of the Korean People's Army [KPA] and the Korean People's Security Forces, who have guarded the guardpost of defending the country like an iron wall, are continuously advancing in groups into socialist rural areas after having completed their military service.

Nine sergeants of the KPA unit to which Comrade Chang Chung-an belongs, who could not sleep from the guilty conscience of failing to fulfill the fidelity as revolutionary fighter [hyongmyong chonsaui uirirul tahajimothan choechaekkamuro chamdulsu opssotton], promised together that although their native place is in an urban area, they will permanently settle in the Kumdang cooperative farm in Onchon County where the historic relics of the fatherly leader's leadership dwell, better uphold the respected and beloved comrade supreme commander with grain production, and firmly defend our-style socialism.

Sergeants Kang Song-nam, Kim Chin-chol, Pak Song-chol, Yi Chol- yong, Kim Kwang-il, O Kyong-su, Kim Hak-chol, Yim Kyong-nok, and Kim Hyong-kil wrote the respected and beloved comrade supreme commander a letter containing their pledge of faith.

The letter read: Respected and beloved Comrade Supreme Commander, please trust us. With the spirit and determination solidified when we were soldiers, we will implement the party's agriculture-first policy by the effective application of the chuche agricultural method and reaping a bumper crop every year in the Kumdang plain visited by the fatherly leader. Vigorously accelerating the three revolutions—ideological, technological, and cultural, we will become the seed and fertilizer for turning the rural village into a communist utopia, a good place to live in.

We firmly pledge again, upon our honor as soldiers, that we will reap a bumper crop every year so that the respected and beloved comrade supreme commander may not worry about agriculture and better uphold the ideology and leadership of General Kim Chong-il with wholehearted loyalty and filial duty.

The nine discharged solders left for the said cooperative farm with high hopes on 14 September. [passage omitted]

Taean Complex Builds 'New Type' Generator

SK2009064494 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 19 Sep 94

[Text] The working class of the Taean Heavy Machinery Complex are achieving success in the production of a new type [saehyongui] generator.

The working class of the steel casting shop, who have cast the body for a 50,000-kw high-pressure (?turbine) in a short period of time, while upholding the great leader's last wishes with their hearts, are overfulfilling daily plans by more than 200 percent in the work of [word indistinct].

The working class of the casting shop, too, have already achieved success in overfulfilling goals by more than 80 percent in the production of castings to be used for producing a 80 tonne-class roof crane.

In particular, the workers of the No. 2 workshop for large-size products, the No. 1 workshop for medium-size products, and the workshop for finished products, are overfulfilling goals, which had been set high, without fail in the production of walling materials for castings to be used for the new type generator.

South Korea

North's Kang Sok-chu Departs for Geneva Talks

SK2009100094 Seoul KBS-1 Radio Network in Korean 0935 GMT 20 Sep 94

[Text] The North Korean delegation, led by Vice Foreign Minister Kang Sok-chu, left Pyongyang today to participate in the third round of U.S.-North Korean high-level talks scheduled for 23 September, North Korea's KOREAN CENTRAL NEWS AGENCY [KCNA] reported. The KCNA, monitored in Tokyo, did not elaborate further on the departure from Pyongyang by Vice Foreign Minister Kang Sok-chu and his entourage.

Carter Scheduled To Meet North, South Envoys

SK2009004294 Seoul KBS-1 Radio Network in Korean 0000 GMT 20 Sep 94

[Report by Yi Chong-su from Washington]

[Text] The meeting between former U.S. President Carter and Pak Kil-yon, DPRK ambassador to the U.N. mission, on 20 September, marks the beginning of Carter's role as mediator to carry out South-North summit talks.

Former U.S. President Carter will meet Han Sung-su, ROK ambassador to the United States, on 21 September, and on 22 September, he will meet Kim Tae-chung, chief director of the Peace Foundation for the Asia-Pacific Region.

It was learned that in the meeting with Ambassador Pak Kil-yon, former U.S. President Carter revealed that it is desirable to hold early preparatory talks to promote South-North summit talks. In the meeting with Carter, it is expected that Ambassador Han Sung-su will deliver President Kim Yong-sam's reply positively accepting the letter Carter sent revealing that he will visit Seoul and Pyongyang again to promote South-North summit talks.

* Prospect for Power Supply to North Studied

942C0211 Seoul CHOSON ILBO in Korean 17 Aug 94 p 2

[By reporter Kim Yong-su]

[Text] Our government is seriously studying ways to supply electricity to North Korea in case the issue of North Korea's suspected nuclear weapons program is settled properly. The Ministry of Trade, Industry, and Energy [MTIE] and Korea Electric Power Corporation [KEPOC] have undertaken concrete studies on the question of supplying electricity to North Korea. The most practical plan under study envisions supplying 200,000 kw of electricity to the North in the first stage on a trial basis by linking Munsan Transmission Station in the South to Pyongsan Transmission Station in the North.

In the second stage, the plan calls for supplying 1.4 million kw to North Korea by linking Yangju Power Transmission Station in the South to Pyongyang Power Transmission Station in the North.

On 16 August a high-ranking MTIE official said: "In North Korea, demand for electricity peaks at night daily and in the winter seasonally, whereas in South Korea the peak time occurs in the daytime daily and in the summer seasonally; accordingly, it is possible for us to supply our surplus electricity to the North in the winter, although it may be difficult to do so in the summer." The distance between Munsan Power Transmission Station and Pyongsan Power Transmission Station is only 60 km, and the voltage of electricity supplied by these two stations is identical, with 154 kv on each side. Accordingly, when their transmission towers and transmission lines are linked, it won't take much time to start supplying electricity to the North under the first-stage plan.

In the second stage the government will push ahead with the plan to supply an additional 1.4 million kw of electricity to the North by linking Yangju Power Transmission Station to Pyongyang Power Transmission Station. The voltage of these two stations is at the highest level in the South and the North, respectively. According to officials concerned, it would take no more than one year to link the transmission towers and transmission networks of these stations.

KEPOC points out: "The voltage of Yangju Power Transmission Station is 345 kv whereas that of Pyongyang Power Transmission Station is 220 kv, and the two power stations are 200 km apart; nevertheless there will be no problem with power transmission to the North as far as the transmission lines are in place." "However," it adds, "the proposed power supply will not be possible unless the North furnishes basic data, such as those on its transmission networks and the quality of electricity supplied."

According to KEPOC, as of 1991 North Korea's electric power supply capacity stood at 7.14 million kw, with the hydro and coal-fired power plants accounting for 60 percent of the total output. In North Korea there has been practically no increase in power supply since 1991, and the power output has rather been on the decrease with the passage of time because of the obsolescence of power generating facilities and the deteriorating quality of coal.

KEPOC fears that in case it comes to actually supplying electricity to the North, where the quality of electricity supplied is inferior in terms of cycles and voltage, the quality of the South Korean power supply might deteriorate when it gets mixed with electricity supplied by the North. So, it is studying ways to prevent this side effect, as well as other technical problems, such as ways to prevent electricity from flowing into the North in excess of the promised amount through the power transmission lines connecting the North and the South.

* Yi Hong-ku Discusses Dealing With DPRK

942C0131A Seoul WOLGAN CHUNGANG in Korean Jun 94 pp 309-312

["New Deputy Prime Minister Yi Hong-ku: No Standard Rule Applies to Pyongyang" by Pak Chun-yong]

[Text]**Yi Wielding Double-Edged Knife**

Yi Hong-ku, Deputy Prime Minister and Minister of National Unification, who took office as commander of unification and national security last April 30, stresses at every opportunity that "possessing even half a nuclear weapon makes the Joint Declaration of Denuclearization void." This means that as soon as North Korea possesses even half a nuclear weapon, the North-South Joint Declaration of Denuclearization becomes automatically void.

When it is overheard, this statement of an official in charge of unification and national security policies sounds featureless. But examining closely his statement, we become aware that it is a double-edged knife aiming at Pyongyang and Washington.

That is to say, this means a warning to Washington: "If you do not treat North Korea's nuclear issues thoroughly, the NPT [Nonproliferation Treaty], which expires next April, will surely break off and other countries will try to be the first to develop nuclear weapons. So you should keep this in mind."

And to Pyongyang: "The moment you get a nuclear weapon, South Korea is free from the Joint Declaration of Denuclearization, having an option in the development of nuclear weapons."

On May 10, less than a month after taking office, this writer had an interview in his office with Yi Hong-ku, Deputy Prime Minister and Minister of National Unification who is sending epoch-making messages to Pyongyang and Washington.

[Pak] The public seems to believe that Deputy Prime Minister Yi had drawn up "one national community plan," during 1988-1990 while in office as Minister of National Unification. As its drafter, what do you think the difference is between that and the present government's "three-stage, three basis unification plan?"

[Yi] They are in essence the same. As is evident in the phrase, "within the conception of one national community" which President Kim Yong-sam said when announcing the unification plan in July last year, the government's Unification Plan is one which classifies into three stages the process for the North and South to move to one national community.

In other words, the three-stage unification plan is one which is included in the "one national community plan" but is expressed in more detail. Accordingly, having returned to the National Unification Board again after six years, I would like to say that I am unchanged in my convictions as to the unification plan and would push forward the plan in perfect order.

[Pak] Now in our society, complicated troubles, as well as the nuclear issue, exist between the conservatives and the progressives. As Deputy Prime Minister, what plans do you have to overcome these troubles?

[Yi] Two things can be considered. In the past six years, two big events have occurred: the collapse of the Soviet Union and the German reunification. This is not a passing phenomenon but the end of the ideological pattern of the past one hundred years. Accordingly, the present problem, the issue of the Korean peninsula which is not yet free from the Cold War state, must be solved through dialogue, not war.

In this sense, we should dismiss the old doctrinaire ideas as soon as possible in our whole society as well as in North-South relations. It is particularly disturbing that some of our youths, who should be the most progressive, are still captivated by the doctrinaire ideas of the early twentieth century. If we break away blindly from the old doctrinaire ideas, we are apt to produce a political vacuum. Accordingly, in order to cultivate enough civic consciousness to accept the unification, privately initiated concrete education on the unification should by all means be carried out.

[Pak] Recently, the government says it needs to frame a new policy toward the North as well as reconsidering the policy linking the nuclear issue to economic cooperation. Will you try to settle these issues in a more progressive way?

[Yi] I think there is some truth in what you say. But the point at issue is about the priorities involved. The government now acknowledges in North-South relations that nothing is more important than the nuclear issue. The nuclear issue is given a special priority among policies toward the North. The reason is because North Korea's nuclear issue is not about ideas but about life and death for our nations.

However, the government does not intend to interpret "the settlement of the nuclear issue" exactly in doctrines. Namely the government does not intend to put off indefinitely all pending questions including economic cooperation until the nuclear issue is completely settled.

In conclusion, the point is disclosing nuclear secrets. The government expects that the course of the nuclear issue will be fixed within a few months, not a few years. I can say the government has worked out step-by-step countermeasures, including economic cooperation, which could be carried out by observing the situation which is developing. However, we do not intend to work out in advance some definite countermeasures because we are afraid that we might be embarrassed later by our own countermeasures.

[Pak] The final goal of the North is believed to be the improvement of relations with Washington. Nevertheless, the government seems to stick with its opinion: "If you would like to go to Washington, go by way of Seoul." At this time will the government change its mind and actively help improve the relations between Pyongyang and Washington?

[Yi] The government is already heading that way. A few weeks ago, the government withdrew its demand that "the North-South special envoys should be exchanged first." Because the US-North Korea talks did not make progress at that time due to such a demand, the government boldly withdrew that demand. Such a decision by the government is an event beyond imagination in the past. And it is true that development of civic consciousness and confidence contributed to the government's determination.

Attention is first directed to the North. The US knows well that what North Korea wants is to establish diplomatic relations with the US, receive economic support, etc. But I am not positive about whether Pyongyang would give up its nuclear program, its only trump card for gaining its objects. Now it can be said to depend upon the North and the South, the US and the North, and the North and IAEA, whether amicably settled or not. And our government's basis for policy toward the North is to make the North take the right course in the world, appropriate to the current atmosphere after the end of the Cold War.

[Pak] Isn't the heart of the problem that the North is afraid that if it went with the current times, its regime might collapse?

[Yi] In fact, there is no safer country than North Korea. It is because no country in the world would invade the North. What would the US invade it for? Or South Korea?

Nevertheless, the North feels uneasy. The source of this uneasy feeling lies within the country. In other words, it is because the North's leadership cannot trust its people. And if the North wants to develop its country, it should open the door a little as China did.

However, this is a matter that the North itself should decide. Economic cooperation and so on are secondary factors. The outside world is prepared to help the North. The questionable factor is whether the North is prepared to accept the offer.

[Pak] Before that, isn't it a priority that the North's distrust of the outside world be removed?

[Yi] That the North should go along with the current trend after the end of the Cold War does not mean that it would adopt South Korea's system. It means that it is turning toward China's system. If the North adopts China's model, we would help the North move toward China's system in a way not to impose a burden on the North if possible, saving its honor.

[Pak] According to the survey conducted by the National Unification Research Institute, 79.2 percent of the whole population approved repatriating Yi In-mo to North Korea. North Korea recently requested repatriating another nonconverted long-term prisoner. Does the government intend to deal with this issue?

[Yi] First of all, the nonconverted long-term prisoner issue should be considered in connection with the general problems of the North and South. Although our people talk about the issue of repatriating Yi In-mo from a humanitarian point of view, the North does so from a political point of view, by holding mass meetings in which he takes part in different parts of the country.

Even in the North, there are about 400 South Koreans kidnapped, including 12 crewmen of Tong Chin-ho which was kidnapped in 1987. As Kang Yong-hun, the Korea National Red Cross President, said a few days ago, the government contends that it can settle such a problem comprehensively, without getting hung up on details, in talks between the North and South Korean Red Cross Societies, or in any talks.

Fellers Case Can Be Settled Wisely

[Pak] Considering the actual situation, Korean unification is much more likely to become a form in which the South would absorb the North. Isn't it unnatural that we contend we would not unify our country in this way?

[Yi] At the present stage, our discussion of either of the two contentions is unproductive: either that the South would annex the North or that the South would not. As a man who drew up the unification plan, I would like to say that the time has already passed when we can discuss how to put it into practice.

[Pak] In the government now, channels consulting with related ministries about the unification and national security policies, Coordination Council on Unification Policy, Minister Council on Unification and National Security, and Strategic Planner Council, etc. are adding to the confusion. Doesn't the government intend to boldly condense these councils?

[Yi] Sooner or later, one or two councils will be abolished. But because they are organizations specified in the law, they cannot be abolished at the same time. So far, I have taken part twice in the coordination council to find myself obtaining much aid. I have heard some discord in the Unification and National Security team. I do not know where such discord came from.

[Pak] The reason that the government's policy towqrd the North is given much attention is because the government treated the population in the North separately from its government. Will the government continually apply the principle of separating the people of the North from its government?

[Yi] The government is in a difficult situation to settle in dialogue the deep-rooted North-South showdown. The Fellers case is also a problem related to the North-South showdown. Accordingly, the government intends to settle the case wisely while considering both human rights and the North-South showdown.

Frankly speaking, these words of mine may be irrational. But I generally think politics can settle effectively such irrational matters.

* Hanchongyon 'Radical' Chuche Ideology Faction

Chucheism Antigovernment Movement

942C00194A Seoul CHUNGANG ILBO in Korean 25 Jul 94 p 22

[Article by reporter Choe Hyong-kyu: "The Chusapa: Substance and Reality"]

[Text] This is an incident that took place in a bar in front of Koryo University during the late 5th Republic in the summer of 1986. Student activists sitting in a back room were heatedly debating pressing tasks and the outlook of the political situation. One student senior to the others suddenly stood up and began: "According to Chuche Thought..." All the other students fell silent. He systematically laid out his thinking on the pressing tasks of their struggle. This student drew his conclusion with the words, "Any young student troubled over the contradictions of our fatherland should study Chuche Thought, which fits our actual conditions and makes people the subjects of action and thought, rather than the mechanical revolutionary thought of Marx and Lenin." The rest of the students merely nodded in assent. At that time, even law enforcement authorities had no idea what the Chucheist Faction [Chusapa] was. However, a fierce ideological struggle, centered on Koryo University, was already going on in the student movement between Chusapa and Non-Chusapa students. The balance was already leaning toward the Chusapa. As the words imply, the term Chusapa is a common designation for the students of the group that holds the Chuche Thought of Kim Il-song as the ideology and objective of the student movement. The students too do not hesitate to call themselves the Chusapa. The Chusapa first appeared in late 1985. The romantic student movement of the 1970s ended with the Kwangju Uprising. A scientific movement, i.e. Marxist-Leninism, was all the rage in the early 1980s. At this time, in addition to seeking ways to enhance itself, the student movement started approaching Kim Il-songism, our society's last taboo. The Special Committee for the Three People's Struggle (Sammintu) was organized at Koryo University in April 1985. It advocated the Three People's Principles [Sam Min]: unification of the Korean people [Minjok], liberation of the masses [Minjung], and victory in the struggle for democracy [Minju]. This organized the student movement, ending its often-repeated internal struggles. Starting in May, the Sammintu led 21 demonstrations, such as the street demonstrations in front of Seoul Station. It fell apart some 40 days later, however, with the arrest of Chairman Ho In-hoe (at that time in his fourth year at Koryo University's Department of Political Science and Diplomacy) and 78 other key members of the organization on May 23rd, when they occupied the U.S. Cultural Center in Seoul. The next year, however, on March 21, 1986, the Anti-Imperialist, Anti-Fascist Committee for the National Democratic Struggle [Panje Panpashyo Minjok Minju Tujaeng Wiwonhoe] (Minmintu) was formed at Seoul National University. Eight days later on the 29th, the Student's League for National Salvation [Kuguk Haksaeng Yonmaeng] (Kuhakyon) was also born at Seoul National University. After the focal point of the Sammintu disappeared, the student movement with its diverse positions thus began to split up. The Committee for the Anti-American, Anti-Fascist Democratic Struggle [Panmijajuhwa Panpashyo Minjuhwa Tujaeng Wiwonhoe] (Chamintu), which was subordinate to the Kuhakyon, was organized in April of the same year. The Chamintu was the mother of the Chusapa. The Minmintu and Chamintu differ starting with their views of Korean society. Characterizing our society as one ruled by neocolonialism and state-monopoly capitalism, the Minmintu advocated a Marxist-Leninist style movement. It sought to lead a revolution in which workers and farmers would simultaneously drive out American imperialism and state-monopoly capitalism. The Chamintu, on the other hand, believed that the revolution must begin with expelling American imperialists, because Korea was a semi-feudal neocolonial society. Those advocating this position, which argued that not only workers and farmers, but also students, the political opposition, and progressive intellectuals should be included in the movement, were, of course, following in the footsteps of those calling for a people's democratic revolution of national liberation. Later, the Chamintu set up the principle of a National Liberation People's Democratic Revolution (NLPDR), which eventually became the ideology of the Chusapa, and published a periodical, *The Liberation Manifesto [Haebang Sonon]*, to promote this. They established an action platform, lifestyle rules and regulations for members, giving the organization a coercive character. They recorded the North Korean broadcast, *Voice of National Salvation [Kugukui Sori]* and started to distribute its contents on college campuses in printed matter entitled *The Liberation Manifesto* and *Shout of National Salvation [Kugukui Hamsong]*. The intense ideological struggle between the Chamintu and Minmintu pushed the thinking of both sides to greater extremes, driving them into radicalism. To make their thinking more elaborate, Minmintu students began to study the original texts of Marxist-Leninism. Listening to North Korean broadcasts for an easier analysis of the political situation started to become popular among those associated with the Chamintu. However, a non-Chucheist faction appeared, leading to further internal division. Even while accepting the Chamintu's NLPDR principle, which gave priority to national liberation, this faction would not accept its "GLC [Wisudong] (Great Leader Comrade Kim Il-song)-DLC [Chinjidong] (Dear Leader Comrade Kim Chong-il)" ideas. Despite such divisive views and confrontation within the student movement, the Chusapa reached its heyday as it played a leading role in the August 1987 formation of the National Council of Student Representatives (Chondaehyop). Many young college students, indignant at the oppression of the 5th Republic's military dictatorship, fully supported the Chondaehyop, the "million students in the ranks of national salvation." However, few were aware of the fact that the Chondaehyop leadership had been seized by followers of Kim Il-songism.

Rapid Growth of Chucheism 1988-1990

942C00194B Seoul CHUNGANG ILBO in Korean 26 Jul 94 p 22

[Article by reporter Ye Yong-chun: "The Chusapa: Substance and Reality"]

[Text] "Let us go North. Come South. Let us meet at Panmunjom." This slogan was used by Kim Chung-ki (a fourth-year philosophy major at the time), of the National Liberation Movement, while running for the presidency of Seoul National University's General Student's Council in March 1988, during the early 6th Republic. He used this slogan in association with his campaign promise to pursue North-South youth and student talks. This slogan, which is reminiscent of the student movement for North-South student talks immediately following the April 19th Student Revolution, quickly spread to the entire country. College towns at the time were swept up in a "North Korea Boom." This led into the "Understanding North Korea Movement." The North Korean movies Flower Girl [Kkospanun Chonyo] and Salt [Sogum] were shown on the campuses of major universities across the nation. Scenes from the North Korean opera, Sea of Blood [Pi Pada], were inserted into the talchum [masked dance] and madang nori [open-air theater] performed at festival time. At this time, chuche thought was spread extensively and secretively through the student movement. The "Struggle for North-South Student Talks" appeared as a new issue of the student movement, which had fallen into decline, unable for a time to settle on a direction due to division and defeat in the December 1987 presidential election. The "Chusapa" took advantage of this to completely seize leadership of the student movement. Early on, the Chusapa chose to disseminate the contents of Voice of National Salvation broadcasts using a large-lettered signboard bulletin entitled, Schoolmates for Democracy [Minju Haku]. Members secretly listened to these broadcasts in their rented rooms, using short-wave radios purchased in Chonggyechon. However, about this time, the contents of the North Korean broadcasts were openly published in a single edited volume. Many students were thus easily able to read them. The Voice of National Salvation was broadcast under the name of the Korean National Democratic Front. It was supposedly an underground broadcast made from within South Korea, but law enforcement authorities discovered that it was actually transmitted from a location in the vicinity of Haeju, Hwanghae Province. The revolutionary lectures and ideological lectures heard on the Voice of National Salvation became the guidelines for the struggle of the Chondaehyop, the mainstream of which was made up of the Chusapa. Over 100 North Korean texts, such as A General Review of Chosun History [Chosun Tongsa], appeared all at once. Even books such as Chuche Thought Series [Chuche Sasang Chongso] and Selected Works of Kim Il-song [Kim Il-song Chojak Sonjip] made their way into bookstore displays. These acted as the "textbooks" of the student movement. There were many cases in which even the fierce debates taking place in school departments and circles were settled by Chusapa students quoting "GLCK" (Great Leader Comrade Kim Il-song). It was hard for people to find a place in the student movement unless they belonged to the Chusapa. Even speaking openly in college-town gatherings and debates was difficult. This ideology was also expressed indirectly, using terms such as "Sovereignty Thought," in the official documents of the Chondaehyop and general student councils. The "Anti-Imperialist Youth Alliance" [Panje Chongnyon Tongmaeng] made it clear that chuche thought was its ideological foundation in its inaugural declaration in March 1989: "Chuche thought has already become the publicly acknowledged trend of the times. Beneath its glory burns a fierce struggle for independence against the U.S. imperialists." North-Korean style language quietly worked its way into the daily usage of those in the student movement. Terms such as "yongungjok [heroic]," "pultoejon [indomitable]," "cholchonjiwonsu [implacable enemy]," and "yorhyol chongnyon [hot-blooded youth]" often appeared in statements and other printed material. Around the time students were engaged in the "Pyongyang Festival Participation Struggle " before the July 1989 Pyongyang World Youth and Student's Festival, the Youth and Student Festival Song, a formal rally song with a children's-song type flavor to it, was a big hit in college towns. However, the influence of the Chusapa started to fade after reaching its peak with Im Su-kyong's visit to Pyongyang. This was because of the overall confusion of the student movement due to the collapse of the communist world, because many core Chusapa members were arrested in a full-scale counterattack by the 6th Republic government, referred to as a "police state," and because the internal division, which started with an ideological struggle over the results of the campaign for visits to North Korea, was accelerating. The influence of the Chusapa rapidly weakened in this process. It was hurt by the growing influence, based on a logically developed theory, of the students of the "NL Chwapa [National Liberation Leftist Faction]," which followed the principles of the "National Liberation People's Revolution" but did not accept the "Suryong Idea" or "Theory of Succession" of Chuche Thought, and of the "Minjung Minju [People's Democracy] Faction"(PD). Unlike 1988 and 1989, the 1991 general student council elections witnessed an extraordinary change: the large-scale defeat of the Chusapa. This trend continues to the present. Former members of the student movement during this period, the zenith of Chusapa power, have made their way into opposition organizations and the labor movement and are still exerting an influence, according to the analysis of law enforcement authorities.

Activities Revive Via Hanchongyon

942C00194C Seoul CHUNGANG ILBO in Korean 27 Jul 94 p 22

[Article by Choe Hyong-kyu: "The Chusapa: Substance and Reality"]

[Text] On March 12th, the announcer on a North Korean broadcast carefully read an announcement in an unusual tone of voice. "As a just measure for responding to the United States' unwarranted nuclear threat and protecting the greatest interests of the nation, we withdraw from the Nuclear Nonproliferation Treaty (NPT)...." One week later, the following was printed in the discussion materials of the National Federation of General Student Councils (Hanchongyon). "Unwarranted U.S. nuclear pressure....[produced a situation in which] continued membership in the NPT was an abnormalization [psangsanghwa] of the greatest interests of the nation (North Korea), making the decision to withdraw unavoidable..." This document, which even used unchanged the North Korean term, "abnormalization [pisangsanghwa]", justifies the North Korean withdrawal from the NPT as unavoidable. The Hanchongyon claims to represent a million students. However, its position, unfortunately, has always been a unilateral adoption of the North Korea position, according to the analysis of law enforcement authorities. The Hanchongyon is the successor of the Chondaehyop. Dealt a severe blow after the 1989 visit to North Korea by Im Su-kyong, when it was hard hit by law enforcement authorities, and faced with a crisis resulting from diminished interest in the student movement and the collapse of Eastern Europe since 1990, the Chondaehyop restructured its organization as a solution to this. With this, it changed to become the Hanchongyon. The Hanchongyon started at Koryo University in May of last year with the unification of two circles: the 186 general student councils nationwide and the Inchon Region Alliance of Catholic Students. At its inception, it revealed through a 10-point platform a plan for strengthening student councils with the objective of realizing a community of scholarship, life, and struggle. It showed a softer side, omitting terms such as "the colonial fascist rule of the pro-American military regime" in its description of the civilian administration. Such change, however, was nothing more than the superficial strategy and tactics of a student movement on the defensive. As always, the Kim Il-songists of the Chusapa retain control of the Hanchongyon leadership, according to the analysis of law enforcement authorities. Of the delegates participating in the Hanchongyon Founding Representatives Conference held at North Cholla Province University in April of last year, over 1,350 persons, or 85 percent, were of the National Liberation (NL) faction of the Chusapa. The Hanchongyon policy proposals concerning which they made decisions were, as usual, mere copies of North Korea positions. The Hanchongyon positions on various issues, such as unification plans, the nuclear issue, characterization of the present South Korean Government, and North-South talks, are almost identical to those expressed in the previous week's North Korean broadcasts to South Korea, assert government authorities. A more serious problem, they say, is that the Policy Committee, Fatherland Unification Committee, and other secret, core organizations affiliated with the Hanchongyon are operated by core Chusapa members who have already graduated from school. The identities of these graduates are almost unknown. They control the major policies of the Hanchongyon and maintain contact with North Korea, Japan's Chochongyon [North Korea backed organization of Korean residents of Japan], and European spies, according to law enforcement authorities. Encouraged by this Hanchongyon struggle, North Korea also welcomed the formation of the Hanchongyon through Voice of National Salvation broadcasts beginning in May of last year, calling it, "the fruit of the struggle to accelerate the victory of the reform movement." It is inciting the anti-American struggle for sovereignty and unification, even broadcasting concrete methods and objectives for the struggle in the form of instructions. As the actual state of North Korea becomes known and the fact is being confirmed that the student movement openly follows Kim Il-song, the influence of the Chusapa is gradually dwindling. This can be seen in the fact that the influence of the Chusapa is weakening on the major campuses, Seoul National, Koryo, and Yonsei Universities, called the Meccas of the Student Movement during the 1980's. Since 1990, the trend is for the Chusapa to have relatively strong influence on Southern Federation of General Student Councils and other provincial colleges and the mid-ranked colleges of Seoul. The government believes that if the actual state of North Korea is frankly revealed, the Chusapa will ultimately disappear from the student movement. However, as was clearly shown by Japan's Red Army Faction, there is also the possibility that a small militant faction, having lost its base of support and been alienated from society, may take extreme actions to shock society. Although presently off course, the student movement began in the struggle against military dictatorship, and it is grounded in the pure passion of young students. Considering this, it is the task of all in the older generation to enable students to quickly awaken from the illusion of Kim Il-songism and to embrace them, bringing them into society at large.

* Emerging New Group of 'TK-III' Men Noted

942C0131B Seoul HANGUK ILBO in Korean
23 May 94 p 2

[Text]**The Blue House's Patronization**

The so-called TK [Yi Ki-taek] group is newly emerging in the ruling party. Called "New TK men" or "TK-III," they have a tendency to extend their influence.

Such a change in the TK group, which had been living in seclusion, although rendering distinguished services to produce the Kim Yong-sam government, and which has now been drawn into the maelstrom of the reform, is not general or clear. But as the Blue House's patronizing the old ruling party became clear recently, many observers say the number of the TK group to occupy the important positions will be continuously increased. In the reorganization of the National Assembly's executives which will be carried out sooner or later, as the atmosphere for Yi Man-sop, the National Assembly Chairman, to remain in office spreads, such an observation is believed to be more reliable.

According to a source in the ruling party, the leadership of the new TK group is Yi and Kim Dok, the Director of the National Security Planning Agency. Including Han Wan-sang, the ex-Deputy Prime Minister (chairman of radio communications) and Kang Chae-sop, the secretary general to the Democratic Liberal Party chairman, who are considered the core of the ruling party, they are even called "A New Gang of Four." Of course, it is difficult to believe that they built up an organic solidarity generally in the ruling party or spoke for the TK group. But the view that these four are the persons who fill up a political vacuum after the down-to-Assemblyman Kim Yun-hwan politicians being called "TK-II" is quite reasonable.

In addition, in the Democratic Liberal Party, Choe Chae-uk, Vice Secretary General and Yi Sang-tok, the Head of the Policy Coordination Office (Economic) are said to be spokesmen for the TK group. Seeking the extension of its influence in the metropolitan area, the Democratic Liberal Party appointed Kim Mun-su and O Song-kye to the posts of district party chairmen in Puchon. But because the two happened to be from Taegu, they are significantly noted.

As had already been noted when reorganizing the party executives, party officials coming out of Tae-gu, North Kyongsang, occupied the important posts such as the Chief of the General Affairs Bureau Yi Su-dam, the Chief of the Organization Bureau Yi Chun-shik, the Chief of the Assemblymen Bureau An Tae-chon, and the National Policy Research Commissioner Pak Kyong-sop, etc., backing up the new TK group in the party.

While the main observer of the Democratic Liberal Party said, "Because the TK group has not yet entered the important posts such those of the the Blue House's secretaries, they cannot be said to have been restored to the original state," he said, "but, I cannot deny that a new political trend based upon the TK group that spread roots in the important posts such as the prosecutory, military, and bureaucratic circles, etc., is taking place.

"Such a trend seems to have something to do with the political basis change of the ruling party," the observer analyzed, "In fact, considering that the view of the TK group's being neglected even came out of some persons who were the subject of reform, the new TK group's emergence is not an abrupt idea."

Another observer said, "In the fact that Yi, the National Assembly Chairman whose political character is relatively clear got the regional support,thus becoming a political leader, there are many matters to study critically. In political propensity, role, and magnanimity, TK-III will be quite different from the TK faction of the past."

On the other hand, a few analysts point out that it is not desirable to form such a group and even if formed, the group's role will be limited. Saying, "It is a vestige of the past to form any group on the basis of a special regional influence," a source added. "The words that any group was neglected or will be restored to the original state, themselves are to speak frankly for the mutability of our political history."

Burma

U Aung Toe's Report to Convention, Part 4

BK1609124594 Rangoon THE NEW LIGHT OF MYANMAR in English 6 Sep 94 pp 2-4

[Fourth of five installments of a speech by U Aung Toe, chief justice and chairman of the National Convention Convening Work Committee, to the National Convention plenary session at the President's Residence compound in Rangoon on 2 September]

[Text] Esteemed Chairman: Continuing, I will explain formation of the region or state government. As I have said earlier, region governments are to be formed in each region and state governments in each state.

There must be a head and members in the region or state government. I would like to propose that the head of the region or state be called 'Chief Minister of the Region or State' so that region and state governments will emerge in their clear formation and the Pyidaungsu (Union) characteristics will appear in a vivid shape when the new Constitution comes into force. Similarly, members of the region or state government should be called 'Ministers of the Region or State'.

In the same way as Pyidaungsu Attorney-General is included in the Pyidaungsu (Union) Government as a member, region or state Advocate-General should be included in the region or state government as a member. In the region or state, a different term, 'Advocate-General of the Region or State', should be used instead of Attorney General in the Pyidaungsu (Union) level.

I would like to propose that the region or state government be constituted with the Chief Minister of the Region or State, Ministers of the Region or State and Advocate General of the Region or State. Depending on different situations and circumstances in regions or states, the President should have the right to stipulate as necessary the number of ministries for each region and state. He should also have the right to stipulate as necessary the number of Ministers to be appointed in each region or state government.

Persons appointed the region or state Chief Minister and Ministers should have completed at least 35 years of age. Apart from the age limit, they should possess qualifications prescribed for region or state Hluttaw [parliament] representatives. Moreover, the region or state Chief Minister and Ministers must be persons who are loyal to the State and the citizens.

Self-administered division or self-administered zone chairmen are to be appointed Ministers of the respective region or state in suitable portfolios. Moreover, Hluttaw representatives who have been elected to manage affairs of their national races in the respective region or state are to be appointed Ministers of the region or state. It may perhaps be needed to relax their age limit from 35, which is designated for the Chief Minister and Ministers of the region or state. If it is so needed, permission to relax the age limit should also be provided as an exception in the Constitution.

First of all, the President is to choose a suitable person from among the respective Hluttaw representatives possessing prescribed qualifications so as to be able to appoint Chief Minister of the region or state. The nomination is to be sent to the respective region or state Hluttaw for approval. On receiving the approval, the nominee is to be appointed the Chief Minister of the region or state. It should be prescribed that the President is to choose the nominee from among the respective region or state Hluttaw representatives and does not have the right to choose from among non-Hluttaw representatives of the respective region or state.

It should also be provided that the respective region or state Hluttaw has no right as to reject the Hluttaw representative, nominated by the President for appointment of Chief Minister of the region or state, unless it can clearly prove that the nominee does not have qualifications required of Chief Minister of the region or state.

So, regarding formation of the region or state government and appointment of the Chief Minister of the region or state it should be laid down as specific basic principles:

1. The region government is formed in each region and the state government in each state.

2. The region or state government is formed with the following persons:

(a) Chief Minister of the region or state,

(b) Ministers of the region or state,

(c) Advocate-General of the region or state.

3. The President shall—

(a) prescribe the number of ministries as necessary and in addition, change or increase the prescribed ministries,

(b) stipulate the number of Ministers of the respective division or state as necessary and in addition, in crease or reduce the stipulated number.

4. The Chief Minister and Ministers of the region or state shall have the following qualifications:

(a) being a person who has completed 35 years of age,

(b) apart from the age limit, being a person possessing qualifications prescribed for region or state Hluttaw representatives,

(c) being a person who is loyal to the State and citizens.

5. To appoint the respective Chief Minister of the region or state, the President shall

(a) choose a suitable person from among the respective region or state Hluttaw representatives having prescribed qualifications.

(b) send the nomination to the respective region or state Hluttaw for approval.

6. The President shall appoint the Hluttaw representative approved by the respective region or state Hluttaw as the Chief Minister of the region or state.

7. The region or state Hluttaw does not have the right to reject the Hluttaw representative nominated by the President for appointment of Chief Minister unless it can clearly prove that the nominee is not qualified for Chief Ministership.

Esteemed Chairman: The Chief Minister of a region or state is to select by own will suitable persons from amongst those who possess prescribed qualifications from among members of region or state Hluttaw or from among non-members to appoint as region or state Ministers. He is to also ask from the Commander-in-Chief of Defence Services [Tatmadaw] a list of names of suitable Tatmadaw members to assign security and border affairs responsibilities. Moreover, he is also to ask from the leading body of self-administered division or zone in the region or state a list of names of their chairmen to appoint as region or state Ministers. Likewise, he is to seek from the respective election commission a list of names of Hluttaw representatives elected to undertake national race affairs in the region or state.

The Chief Minister of the region or state is to compile the list of names of persons he has selected of his choice, and names of Tatmadaw members nominated by the Commander-in-Chief of Defence Services and submit it to the region or state Hluttaw and seek its approval.

It should be prescribed that the region or state Hluttaw has no right to reject the region or state Chief Minister's nominations for appointment as Ministers, unless it can show clear proof of want of qualifications prescribed for region or state Ministers.

The region or state Chief Minister is to submit to the President of the State to appoint as region or state Ministers persons approved by the region or state Hluttaw, chairmen of self-administered divisions or zones, and Hluttaw members elected to undertake national race affairs. The President of the State is to appoint them as region or state Ministers, and in so doing, to assign specific portfolios for each of them.

The President of the State, in appointing region or state Ministers, is to appoint the chairmen of self-administered divisions or zones as Ministers for the respective self-administered divisions or zones. He is also to appoint the Hluttaw representatives elected to undertake national race affairs as Ministers for the national race affairs. It should also be prescribed that he may also appoint them to be concurrently in charge of other ministries as well.

The region or state Chief Minister, if desirous of assigning Tatmadaw members as region or state Ministers for other responsibilities in addition to security and border areas affairs responsibilities, shall act in coordination with the Commander-in-Chief of Defence Services. Moreover he is also to obtain the approval of the respective region or state Hluttaw.

The President of the State is to send intimation of the appointments of region or state Chief Minister and Ministers to the region or state Hluttaw and Union Hluttaw.

The region or state Chief Minister shall be directly responsible to the President of the State. The region or state Ministers, too, shall be responsible, through the region or state Chief Minister, to the President of the State.

The term of office of the region or state Chief Minister and Ministers shall normally be the same as that of the President of the State.

So, in connection with the appointment of region or state Ministers, it should be laid down as detailed basic principles that—

1. In order to appoint region or state Ministers, the region or state Chief Minister shall

(a) select suitable persons from among those who possess prescribed qualifications from among members of region or state Hluttaw or from among non-members

(b) ask from the Commander-in-Chief of Defence Services a list of names of suitable Tatmadaw members to assign security and border affairs responsibilities

(c) ask from the leading body of self-administered division or zone in the region or state a list of names of their chairmen to appoint as region or state Ministers

(d) seek from the respective election commission a list of names of Hluttaw representatives elected to undertake national race affairs in the region or state

2. The Chief Minister of the region or state is to compile the list of names of persons he has selected, and names of Tatmadaw members nominated by the Commander-in-Chief of Defence Services and submit it to the region or state Hluttaw and seek its approval.

3. The region or state Hluttaw shall have no right to reject the region or state Chief Minister's nominations for appointment as Ministers, unless it can show clear proof of want of qualifications prescribed for region or state Ministers

4. The region or state Chief Minister is to submit to the President of the State to appoint as region or state Ministers persons approved by the region or state Hluttaw, chairmen of self- administered divisions or zones, and Hluttaw members elected to undertake national race affairs.

5. The President of the State is to appoint as region or state Ministers the persons submitted by the region or state Chief Minister. In so doing he is to assign portfolios to each in coordination with the Chief Minister.

6. The President of the State shall—

(a) assign to chairmen of self-administered division and zone who are region or state Ministers the responsibility of respective self-administered division or zone;

(b) assign Hluttaw representatives elected to undertake national race affairs who are region or state Ministers the responsibility for national race affairs;

7. The President of the State may exercise relaxation of stipulations in the State Constitution in appointing as region or state Ministers the chairmen of self-administered divisions or zones or the Hluttaw representatives elected to undertake national race affairs in the regions or states.

8. The President of the State may appoint Ministers for self-administered divisions or zones and Ministers for national race affairs as Ministers concurrently in charge of other ministries as well.

9. The region or state Chief Minister, if desirous of assigning Tatmadaw members as region or state Ministers for other responsibilities in addition to security and border areas affairs responsibilities, shall coordinate with the Commander-in-Chief of Defence Services, obtain the approval of the respective region or state Hluttaw, and submit it to the President of the State.

10. The President of the State is to send intimation of the appointments of region or state Chief Minister and Ministers to the region or state Hluttaw and Union Hluttaw.

11. (a) The region or state Chief Minister shall be directly responsible to the President of the State.

(b) The region or state Ministers shall be responsible, through the region or state Chief Minister, to the President of the State.

12. The term of office of the region or state Chief Minister and Minister shall normally be the same as that of the President of the State.

Esteemed Chairman: I will continue on impeachment of region or state Chief Minister or Minister.

It should be prescribed that region or state Chief Minister or Minister can be impeached for any of these reasons—treason, violation of the provisions in the Constitution, misconduct, and being disqualified for the post of region or state Chief Minister or Minister.

It cannot be done in the same way as the President or the Vice-President of the State can be impeached as there is only one Hluttaw at region or state level whereas there are two Hluttaws at the Pyidaungsu level. There is the need to prescribe some other means.

If it is desired to impeach region or state Chief Minister or Minister for any of the above-mentioned offences, a proposal in writing signed by not less than one-fourth of the total membership of region or state Hluttaw is to be submitted to the Chairman of the Hluttaw concerned.

The Chairman of the Hluttaw concerned is to cause the charge to be investigated by a commission. In formation of the investigation commission, the Chairman of the Hluttaw should also determine the term pending the completion of the investigation depending on the magnitude of the charge so as not to delay the investigation.

The region or state Chief Minister or Minister should have the right to appear or to be represented at the investigation of the charge and be given the chance to refute it.

Upon the results of the investigation submitted by the commission by which the charge against region or state Chief Minister or Minister is investigated, the Chairman of the Hluttaw concerned is to report to region or state Hluttaw. If a resolution is passed, supported by not less than two-thirds of the total membership of the Hluttaw concerned, declaring that the charge has been substantiated and that of the office, the subject of the charge, is such as to render region or state Chief Minister or Minister unfit to continue in office, the Chairman of that Hluttaw has to submit it to the President of the State. The President of the State should proceed to proclaim removal of the region or state Chief Minister or Minister.

If the Hluttaw concerned decides that the charge has been refuted, the Chairman of that Hluttaw is to report the decision to the President of the State.

As such, in connection with impeachment of a region or state Chief Minister or Minister, it should be laid down as basic specific principles that—

1. A region or state Chief Minister or Minister shall be impeached for any of the following:

(a) treason,

(b) violation of the provisions in the Constitution,

(c) misconduct, and

(d) being disqualified for the post of a region or state Chief Minister or Minister.

2. If it is desired to impeach a region or state Chief Minister or Minister for any of the above offences, a proposal in writing signed by not less than one-fourth of the total membership of the region or state Hluttaw shall be submitted to the Chairman of the Hluttaw concerned.

3. The Chairman of the Hluttaw concerned shall cause the charge to be investigated by a commission. The term pending the completion of the investigation shall be determined depending on the magnitude of the charge.

4. The region or state Chief Minister or Minister shall have the right to appear or to be represented at the investigation of the charge and be given the chance to refute it.

5. (a) The Chairman of the Hluttaw shall report to the region or state Hluttaw concerned the results of the investigation submitted to him by the investigation commission by which the charge against the region or state Chief Minister or Minister has been investigated, and then report to the President of the State if a resolution is passed, supported by not less than two-thirds of the total membership of the Hluttaw concerned, declaring that the charge has been substantiated and that of the offence, the subject of the charge, is such as to render region or state Chief Minister or Minister unfit to continue in office.

(b) The President of the State shall proceed to proclaim removal of the region or state Chief Minister or Minister.

(c) If the Hluttaw concerned decides that the charge against the region or state Chief Minister or Minister has been refuted, the Chairman of the Hluttaw concerned shall report the decision to the President of the State.

Esteemed Chairman: If a region or state Chief Minister or Minister wants to resign on his own volition or other reasons before the expiry of term of office, he should have the right to do so after submitting his resignation to the President of the State.

The President of the State should have the right to instruct the region or state Chief Minister or Minister, who is incapable of performing duties properly, to resign as well as to remove him from office in the event of failure to comply with his instruction. He has to coordinate with the Commander-in-Chief of Defence Services in so doing if the person is the Tatmadaw member nominated by the Commander-in-Chief of Defence Services.

If the post of the region or state Chief Minister or Minister becomes vacant in the event of resignation, or being removed from office, or death, or any reason, the President of the State should have right to fill the vacancy in coordination with the region or state Hluttaw concerned. The remaining tenure of the President of the State should be prescribed for the term of office of the person appointed to the vacant post.

If the region or state Minister, in the same way as Pyidaungsu Ministers and Deputy Ministers, is a civil servant, he is deemed to have retired as the civil servant in accord with the prevailing rules and regulations from the date he is appointed as the region or state Minister.

The duties, powers and privileges of the region or state Chief Ministers and Ministers are to be prescribed by law.

The head of the General Administration Department of the region or state concerned is to discharge duties as secretary of the government of that region or state. Moreover, the General Administration Department of the region or state must be the office of the government of that region or state.

Therefore, it should be laid down as specific basic principles in connection with resignation, removal from office and filling the vacant post of a region or state Chief Minister or Minister as follows:

1. If a region or state Chief Minister or Minister desires to resign on his own volition or any reason before the expiry of the term of office, he shall be permitted to do so after he has submitted his letter of resignation to the President of the State.

2. The President of the State shall

(a) instruct the region or state Chief Minister or Minister, who is incapable of performing duties properly, to resign, and proclaim removal from office in the event of failure to comply with his instruction,

(b) coordinate with the Commander-in-Chief of the Defence Services if the person to resign or be removed from office is the Tatmadaw member nominated by the Commander-in-Chief of Defence Services.

3. If the post of the region or state Chief Minister or Minister becomes vacant in the event of resignation, or being removed from office, or death, or any reason, the President of the State shall take steps to fill the vacant post in accord with the provisions of the Constitution in coordination with the region or state Hluttaw. The remaining tenure of the President of the State shall be prescribed for the term of office of the newly-appointed person.

4. If the region or state Minister is a civil servant, he shall be deemed to have retired from his position as civil servant in accord with the prevailing rules and regulations from the date he is appointed the region or state Minister.

5. The duties, powers and privileges of the region or state Chief Ministers and Ministers shall be prescribed by law.

6. The head of the General Administration Department of the region or state concerned shall act as secretary of the government of the region or state concerned. Moreover, the General Administration Department of the region or state shall be office of the government of the region or state concerned.

Esteemed Chairman: The Chief Minister of region or state, in appointing Advocate-General of the respective region or state to obtain legal advice, is to select a person who has the prescribed qualifications, and must submit to and get the approval of the region or state Hluttaw concerned and then appoint and assign duties to him. Those who are to be appointed Advocate-General of regions and states must be persons who have attain the age of 40 years. With the exception of age limit, they must have the qualifications prescribed for region or state Hluttaw representatives. Moreover, if they are judicial officers or law officers their post should not be lower than at region or state level and must have at least five years of service in that post; or 10 years service in the post not lower than the district level; or if he is an advocate of Tayar Hluttaw (High Court) of at least 15 years' standing. The region or state Advocate-General must also be loyal to the State and the citizens.

If the President approves a nominee as Advocate-General of the region or state concerned then he is to be appointed as Advocate- General of the respective region or state. The President has no right to reject the nominee for the post of region or state Advocate-General unless he can prove clearly that the person concerned is not qualified for that post.

The Advocate-General of the regions and states are members of the region or state Governments. Therefore, the region or state Advocate-General must be responsible to the President through the Chief Ministers of the respective regions or states. If there is a reason to impeach the Advocate-General of regions or states, it should be done so in accordance with the provisions regarding the impeachment of Chief Ministers or Ministers of the regions or states.

In connection with the resignation, removal from office, appointment for vacant post and assuming to have retired in the case of a civil servant, the provisions of the Constitution laid down for Chief Ministers and Ministers must be applied for the Advocate- General of the regions and states.

The duties, rights and privileges of Advocate-Generals of regions and states are to be prescribed by promulgation [as published] of a law.

Therefore, in connection with the appointment and assigning duties to Advocate General of regions and states, specific basic principles should be laid down as follows:—

1. The Chief Minister of region or state, shall get the approval of the region or state Hluttaw in appointing and assigning duties to a person having the following qualifications as region or state Advocate-General in order to get legal advice and assign duties of a legal character and submit to the President:—

(a) who has attained the age of 40 years;

(b) with the exception of age limit, having the qualifications prescribed for region or state Hluttaw representatives;

(c) (1) for judicial officer or law officer they must have served in the post, not lower than region or state level, for at least five years or in the post not lower than district level for at least 10 years;

(2) for Advocates of Tayar Hluttaw (High Court) for 15 years' standing;

(d) who is loyal to the State and the citizens;

2. if the President approves the nominee as region or state Advocate-General by the Chief Minister with the approval of the Hluttaw concerned, then he shall be appointed Advocate-General of the region or state concerned;

3. the President has no right to reject the nominee to be appointed Advocate General of the region or state concerned unless it can be proved clearly that he is not qualified to be Advocate- General of the region or state concerned;

4. the Advocate General of the region or state is a member of the region or state Government concerned;

5. the Advocate-General of region or state is responsible to the President through the Chief Minister of region or state concerned;

6. if there is reason to impeach the Advocate-General of region or state then it should be done in accordance with the provisions regarding the impeachment of Chief Minister or a Minister;

7. in connection with resigning, removal from office, filling of vacant post and assuming that the person to have retired in the case of civil servant,the provisions of the Constitution prescribed for the Chief Minister and Ministers of region or state shall also concern the Advocate-General of region or state;

8. the duties, rights and privileges of region or state Advocate-General shall be prescribed by law.

Esteemed Chairman: The Chief Minister of region or state shall have a right to choose a person with the prescribed qualifications who can audit the accounts and appoint a region or state Auditor- General and assign duties to him after submitting to the region or state Hluttaw concerned and obtaining its approval. Those who are appointed region or state Auditor-General must be a person who has attained the age of 40. With the exception of the age limit, the qualifications required, are the same as those prescribed for region or state Hluttaw representatives. Moreover, they must have held the post not lower than that of region or state auditor for at least five years or the post not lower than the district auditor for at least 10 years, or worked as Certified Public Accountant or Registered Accountant for at least 15 years. The region or state Auditor-General must be loyal to the State and citizens.

If the President of the State approves the person submitted for appointment as Auditor-General of the region or state concerned, then that person is to be appointed and assigned duties as Auditor-General of the respective region or state.

The President of the State shall not have the right to reject the nominee as Advocate-General of the region or state, unless he can prove clearly that the person is not qualified to be appointed and assigned duties as Auditor-General of the region or state concerned.

The Auditor-General of the region or state is responsible to the President through the Chief Minister of the region or state concerned. If there is reason to impeach the Auditor-General of the region or state it can be done so in accordance with the provisions regarding the impeachment of Chief Minister or Minister of region or state.

Esteemed chairman: In connection with resignation, removal from office, filling up the vacant post or regarding the person to have retired in case of civil service personnel, the provisions of the Constitution for Chief Minister and Ministers also concern the Auditor-General of region or state.

The duties, rights and privileges shall be prescribed by laying down a law.

Therefore, in connection with the appointment and assigning duties to Auditor-General of region or state, precise basic principles should be laid down as follows:—

1. the Chief Minister of the region or state concerned shall have the right to choose a person who can audit the accounts and submit to the region or state Hluttaw and who possesses the following qualifications and then submit this to the region or state Hluttaw for approval to appoint and assign duties to the Auditor-General of the region or state and to submit this to the President;

(a) shall be a person who has attained the age of 40 years;

(b) with the exception of the age limit they must have the qualifications prescribed for region or state Hluttaw representatives;

(c) (1) must be a person who has served in the post not lower than region or state auditor for at least five years or in the post not lower than district auditor for at least 10 years;

(2) must be a person who has worked as Certified Public Accountant or Registered Accountant for at least 15 years;

(d) shall be a person loyal to the State and the citizens;

2. If the President approves the nominee for Auditor-General of the region or state submitted by the Chief Minister of the region or state with the approval of the region or state Hluttaw concerned for assigning duties, then that person shall be appointed and assigned duties as Auditor-General of the region or state concerned;

3. the President shall have the right to reject the nominee as Auditor-General of the region or state unless he can prove clearly that the person is not qualified to be appointed and assigned duties as Auditor-General of the region or state concerned;

4. the Auditor-General of region or state shall be responsible to the President through the Chief Minister of the region or state concerned;

5. if there is reason to impeach the Auditor-General of a region or state, it shall be done in accordance with the provisions of the Constitution prescribed for Chief Minister or any Minister of region or state;

6. in connection with the resignation, removal from office, filling of vacant post or assuming that the person has retired in the case of civil service personnel, the provisions of the Constitution prescribed for the Chief Minister or Ministers of region or state also concerns the Auditor-General of region or state;

7. the duties, rights and privileges of region or state Auditor-General shall be prescribed by promulgating a law.

Organizations are to be formed for the administration of the self-administered divisions or self-administered zones. The administration of self-administered divisions should be called 'self-administered division leading body (Oo-zi Aphwe)' and that of the self-administered zones 'self-administered zone leading body (Oo-zi Ahpwe)'.

Formation of the 'self-administered division leading body (Oo-zi Aphwe)' and 'self-administered zone leading body (Oo-zi Aphwe)' will now be clarified.

In regions or states, national races who reside together in communities on the same common stretches of land in appropriate sizes of population, other than national races who have already got regions or states, will get self-administered areas such as self-administered divisions or self-administered zones.

I have already clarified in detail matters in connection with prescribing the self-administered divisions or self-administered zones. Self-administrative powers will be distributed to those self-administered divisions and self-administered zones as allocated by the Constitution.

Self-administered divisions and self-administered zones are self- administered areas, and as such they are equal in status.

Self-administered division leading bodies and self-administered zone leading bodies which are formed to exercise administrative powers in the self-administered division and self-administered zones will also be vested with legislative powers allocated by the Constitution. The self-administered division leading bodies and self-administered zone leading bodies are to exercise legislative powers vested to them without forming separate legislative bodies in the self-administered divisions and self-administered zones.

Our opinion is that a self-administered division leading body or self-administered zone leading body should be constituted with at least ten members.

The self-administered division leading bodies and self-administered zone leading bodies are to be formed with region or state Hluttaw representatives elected from the townships in the self-administered divisions or self-administered zones and Tatmadaw members nominated by the Commander-in-Chief of Defence Services to undertake security or border affairs duties.

Members of the self-administered division leading bodies and self-administered zone leading bodies are to choose, after consultations among themselves, a suitable person as the self-administered division chairman or self-administered zone chairman out of the region or state Hluttaw representatives elected from the townships in the self-administered divisions or self-administered zones. The chairmen thus chosen and nominated is to be submitted to the President of the State through the respective region or state Chief Minister.

The President of the State is to appoint the nominee as the Chief Minister of the respective self-administered division or self-administered zone.

The chairman of the self-administered division or self-administered zone is the Minister in the respective region or state. As such, provisions applying to the Ministers of the region or state—for their being responsible to the President of the State through the region or state Chief Ministers, the terms of office, impeachment, resignation, removal from office, filling the vacancy and deeming it to have retired for those who are civil servants—will also apply to the self-administered division chairmen or self-administered zone chairmen.

If the membership is not up to ten in forming the self-administered division leading body or self-administered zone leading body, the self-administered division chairman and self-administered zone chairman and members are to choose suitable persons from among those residing in the self-administered division or self-administered zone concerned, who possess qualifications prescribed for region or state Hluttaw representatives, for the remainder so that membership will become ten.

In so doing, one representative is to be chosen from each national race, the population of which is upwards of at least 10,000, residing in the self-administered division or self-administered zone concerned.

If the membership is still not ten even after that, they are to independently choose persons who possess prescribed qualifications till the membership becomes ten.

Even after having chosen ten members in forming the self-administered division leading bodies or self-administered zone leading bodies, one representative each from a national race, the population of which is upwards of at least 10,000, residing in the self-administered division or self-administered zone concerned will be chosen in addition.

The self-administered division leading bodies or self-administered zone leading bodies are to exercise the legislative powers allocated by the Constitution, in addition to exercising administrative powers. I have already clarified points in dealing with the legislative sector in connection with participation of one fourth of Tatmadaw member representatives in the Pyithu Hluttaw [House of Representatives], Amyotha Hluttaw [House of Nationalities], and region or state Hluttaws which will exercise legislative powers. So, the number of Tatmadaw member representatives in the self-administered division leading bodies or self-administered zone leading bodies should be one fourth of the total membership. The Commander-in-Chief of Defence Services has the right to assign one fourth of the total membership in the self-administered division leading bodies and self-administered zone leading bodies with Tatmadaw members.

Duties, rights and privileges of the self-administered division chairmen or self-administered zone chairmen are to be prescribed by law.

The head of the General Administration Departments in the respective self-administered division or self-administered zone is to serve as secretary of the self-administered division leading body or self-administered zone leading body. Moreover, the General Administration Department in the self-administered division or self-administered zone will be the office of the self-administered division leading body or self-administered zone leading body.

So, in connection with formation of the self- administered division leading bodies or self-administered zone leading bodies, the following principles should be laid down in specific detail:

1. self-administered divisions and self-administered zones being self-administered areas, they are equal in status;

2. there are self-administered division leading bodies or self-administered zone leading bodies in the self-administered divisions and self-administered zones. The leading bodies also exercise legislative power;

3. there shall include at least ten members in a self-administered division leading body or self-administered zone leading body;

4. the self-administered division leading body or self-administered zone leading body is to be constituted with the following persons:

(a) region or state Hluttaw representatives elected from townships in the self-administered divisions and self-administered zones concerned;

(b) Tatmadaw member representatives nominated by the Commander-in-Chief to undertake security or border affairs duties;

(c) additional representatives chosen and assigned by persons stated in sub-paras (a) and (b);

5. members of the self-administered division leading body or self-administered zone leading body stated in above paras 4 (a) and (b) are to choose, after consultations among themselves, a suitable person as the self-administered division chairman or self-administered zone chairman out of the region or state Hluttaw representatives elected from the townships in the self-administered division or self-administered zone. The chairmen thus nominated is to be submitted to the President of the State through the respective region or state Chief Minister.

6. The President of the State is to appoint the person in the nomination submitted as the Chief Minister of the self-administered division or self-administered zone concerned.

7. The chairmen of the self-administered division or self-administered zone is Minister in the region or state concerned. As such, provisions in the Constitution applying to the Ministers of the region or state will also apply to the self-administered division chairmen or self-administered zone chairmen.

8. the chairman of the self-administered division or self-administered state and members of the leading body concerned—

(a) shall choose suitable persons as members from among those residing in the self-administered division or self-administered zone concerned, who possess qualifications prescribed for region or state Hluttaw representatives, if the membership is not up to ten in the self-administered division leading body or self-administered zone leading body concerned so that membership will become at least ten;

(b) shall choose one representative for each national race, if there is any, the population of which is upwards of at least 10,000, residing in the self-administered division or self-administered zone concerned in choosing additional members of the leading body;

(c) shall independently choose persons who possess prescribed qualifications till the membership becomes ten;

9. the self-administered division chairman or self-administered zone chairman and leading body members shall choose in addition one representative for each national race, if there is any, the population of which is upwards of at least 10,000, residing in the self-administered division or self-administered zone concerned although they have already ten full members in forming the self-administered division leading bodies or self-administered zone leading bodies;

10. The Commander-in-Chief of Defence Services shall assign as necessary one fourth of the total membership with Tatmadaw members in the self-administered division leading bodies and self-administered zone leading bodies.

11. Duties, rights and privileges of the self-administered division chairmen or self-administered zone chairmen shall be prescribed by law.

12. The head of the General Administration Departments in the respective self-administered division or self-administered zone concerned shall serve as secretary of the self-administered division leading body or self-administered zone leading body. Moreover, the General Administration Department in the self-administered division or self-administered zone shall be the office of the self-administered division leading body or self-administered zone leading body.

Esteemed Chairman: I will continue to clarify matters concerning administration of Union territory,

A principle to form basis has been laid down to the effect that territories that have extraordinary security, administrative and economic conditions are to be prescribed as Union territories and placed under direct administration of the President of the State. A principle to form basis has also been laid down to the effect that "Yangon [Rangoon] city being the capital of the State is prescribed as Union territory placed under direct administration of the President of the State". In view of the fact that Yangon city being the capital of the State has primarily extraordinary security, administrative and economic conditions; it is also the territory where there are foreign embassies and diplomatic activities and international organizations and cooperative activities with them, and there are also foreign trade activities as it is a centre of air and sea carrier services. So, Yangon city will be under direct administration of the President of the State. All districts and townships existing within Yangon city development area on the day the State Constitution comes into force should be in Yangon City that is the Union territory. The President of the State should have authority to re-delineate as necessary districts and townships in Yangon city that is the Union territory.

A Yangon City Council should be formed to exercise executive power delegated by the President of the State in Yangon city that is the Union territory. The President of the State is to appoint a chairman to lead the Yangon City Council, and also appoint Council members as necessary. The President of the State is to prescribe qualifications of the chairman and members of Yangon City Council. In so doing, it should be based on qualifications prescribed as required in Hluttaw representatives.

The President of the State is to obtain from the Commander-in-Chief of Defence Services names of members of the Tatmadaw and appoint them as Yangon City Council members to integrate and coordinate security responsibilities.

Yangon City Council chairman and members are to be directly responsible to the President of the State.

The President of the State shall have authority to cause resignation or terminate the services of the chairman or any member of Yangon City Council if not satisfied with his performance of duties. In so doing, if it involves members of the Tatmadaw nominated by the Commander-in-Chief of Defence Services, he is to coordinate with the Commander-in-Chief of the Defence Services.

Responsibilities and rights and privileges of the chairman and members of Yangon City Council are to be prescribed by enactment of law.

The head of General Administration Department concerning Yangon City is to serve as secretary to Yangon City Council. The General Administration Department concerning Yangon City should be made to work as the office of Yangon City Council.

So, in connection with the administration of Yangon City that is Union territory, it should be laid down, as detailed principles to form basis, that—

1. All districts and townships existing within Yangon City development area on the day the State Constitution comes into force are in Yangon City that is the Union territory.

2. The President of the State has authority to re-delineate as necessary districts and townships in Yangon City that is the Union territory.

3. A Yangon City Council shall be formed to exercise executive power delegated by the President of the State in Yangon City that is the Union territory.

4. The President of the State is to prescribe qualifications of the chairman and members of Yangon City Council.

5. The President of the State shall appoint, chairman and members of Yangon City Council.

6. The President of the State shall obtain from the Commander-in-Chief of Defence Services names of members of the Tatmadaw and appoint them as Yangon City Council members to integrate and coordinate security responsibilities.

7. Yangon City Council chairman and members shall be directly responsible to the President of the State.

8. The President of the State

(a) may cause resignation or terminate the services of the chairman or any member of Yangon City Council if not satisfied with his performance of duties.

(b) may appoint in accord with the provisions of the State Constitution replacement in the post of chairman or member of Yangon City Council which becomes vacant due to various reasons.

(c) if it concerns members of Tatmadaw nominated by the Commander-in-Chief of Defence Services, it shall be coordinated with the Commander-in-Chief of the Defence Services.

9. Responsibilities and rights and privileges of the chairman and members of Yangon City Council are to be prescribed by enactment of law.

10. The head of General Administration Department concerning Yangon city is the secretary to Yangon City Council. The General Administration Department concerning Yangon City is the office of Yangon City Council.

Brunei, Malaysia & Singapore

Malaysia

* Registration of Religious Groups Contemplated

94SE0227A Kuala Lumpur UTUSAN MALAYSIA in Malay 8 Aug 94 pp 1, 2

[Text] Kota Tinggi, 7 Aug—The government will study the possibility of registering all religious organizations to facilitate immediate action against deviant organizations.

Justice Minister Datuk Syed Hamid Albar said such a regulation is needed for overseeing the activities of religious organizations that have memberships and conduct activities throughout the country.

"The present situation is not clear, and because there is no system of registration we cannot charge them under the Societies Act or any other act. As a result, it takes the government a long time to gather evidence in cases like that of al-Arqam. Perhaps the government can make this a reason for taking such action now," he said. He said this to reporters when he inaugurated the General Assembly of the Parents and Teachers Association (PIBG) at the Bandar Easter Secondary School last night.

Syed Hamid said this in commenting on further action by the government to ensure that all religious organizations in this country are registered in order to restrict the dissemination of false teachings. He said the government needs to review forms of regulations and laws for controlling the activities of religious organizations and groups. He added that the issue of false teaching can be resolved in the Islamic courts, which have laws to prevent anyone without credentials from sponsoring or presenting lectures.

Syed Hamid said that, besides the Islamic courts, the Pains and Penalties Code provides laws for charging people who create a disharmonious situation.

"So far, however, the government has been quite flexible with religious organizations and has permitted them to conduct their activities as long as they do not disturb order in the country," he explained.

Syed Hamid also called on al-Arqam leader Ashaari Muhammad to return to this country and not keep his followers waiting. He said Ashaari also must be prepared to face any possible legal action under the Pains and Penalties Code or Islamic law.

* Ban Announced on Goods Produced by al-Arqam

94SE0228A Kuala Lumpur BERITA HARIAN in Malay 8 Aug 94 p 1

[Text] Kota Bharu, 7 Aug—All goods produced by al-Arqam and bearing the name and logo of the movement are banned from trade effective immediately, said Datuk Abu Hassan Omar, minister of domestic trade and consumer affairs. He said that because of the banning of al-Arqam, business registration for the use of the name or logo of the movement, whether on business premises or on vehicles, is disapproved. He said al-Arqam followers or former members may do business as individuals as long as they do not use the name or logo.

"The government will not hinder them if they want to do business by registering their companies in their own names and complying with regulations," he said here today after inaugurating World Consumer Day at the state level.

Last Friday, Datuk Tajuddin Abdul Rahman, committee chairman for the National Islamic Advisory Council, announced the banning of the al-Arqam organization because its teachings and doctrines are contrary to Islamic beliefs and laws and tend toward polytheism.

Abu Hassan said the banning of the group also includes the use of its logo on vehicles such as taxis and buses. He said companies that previously used the al-Arqam name are also asked to reregister their businesses because such company names are not legally valid. He said the Registry of Businesses has identified 11 companies, with 17 branches throughout the country, that had registered their businesses under the al-Arqam name. He said an investigation has found that there are no limited corporations registered in the name of that organization.

"The decision of the National Islamic Advisory Council to ban the organization means that no business registration using the al-Arqam name is permitted. Therefore, the ministry, in cooperation with government agencies like the Islamic Center, state Islamic religion offices, and the police, will conduct integrated operations to ensure that the ban is obeyed," he said.

Meanwhile, Attorney General Datuk Mohtar Abdullah said in Sintok, Kedah, that his office in less than a month will gazette into law the Islamic ruling banning the al-Arqam group. He said his office is now studying several aspects of the matter.

"The National Islamic Advisory Council has made a decision, and we now need to study it from the aspect of the effect on law and from the aspect of enforcement. The study will be completed as quickly as possible, but we will continue to study the best way for carrying out the Islamic ruling. So far, we are considering gazetting it at the national level only, whereas gazetting at the state level will be according to the spheres of authority of state governments.

"If states implement it immediately, however, we can gazette the ruling in less than a month," he said after attending the seventh convocation of the University of Northern Malaysia (UUM) today. Mohtar said that although the ruling has not yet been gazetted, legal action not related to religious matters can be taken.

* UMNO Vice President on Expanding Membership

94SE0227D Kuala Lumpur BERITA HARIAN in Malay 31 Jul 94 p 2

[Text] Ayer Keroh—The campaign to expand the membership of UMNO [United Malays National Organization] throughout the country must not be made a failure by a few branch or division leaders who refuse to accept payment of membership dues just because they are afraid their positions will be threatened, said UMNO Vice President Datuk Sri Najib Tun Razak. He said the top leadership is aware that there are still branch leaders who refuse to accept dues payments despite repeated warnings to give priority to party strength and to accept the dues payments of members. He said UMNO headquarters has received many dues payments and applications for new membership directly from people who were unable to pay dues to their respective branches.

"Although the number of those whose dues payments were rejected cannot be determined, many payments have been made directly to UMNO headquarters in Kuala Lumpur," he said.

Najib, who is also chairman of the UMNO Membership Expansion Committee, said this to reporters yesterday after attending a meeting for presentation of new membership applications produced by the membership campaign throughout the State of Melaka.

In the meeting, 3,990 new member applications were presented to Najib: 1,200 from Jasin, 940 from Batu Berendam, 735 from Selandar, 665 from Alor Gajah, and 450 from Melaka City.

Also present at the meeting were Chief Minister Tan Sri Abdul Rahim Tamby Chik and about 200 division and branch leaders.

Najib said good leaders should not worry about their positions being threatened by increases in membership. He said UMNO needs to increase its membership, because in a country that follows the "one person, one vote" system, the number of votes received determines victory and strength. This does not mean, however, that UMNO ignores the aspect of the quality of members who are registered.

As of 1 June, UMNO members throughout the country totaled 2.04 million, and there were 76,000 members in the State of Melaka.

Najib said that the party's objective that 50 percent of all Malay voters register as UMNO members will be achieved if everyone works hard. So far, Melaka, Terengganu, Pahang, and several other states have been successful in achieving that goal. He said the registration of new members must be coordinated with the voter registration campaign to ensure that all members fulfill their duty in the general election.

Singapore

Defense Minister Pledges Support for FPDA

BK1909132094 Singapore Singapore Broadcasting Corporation in English 1100 GMT 19 Sep 94

[Text] Singapore will continue to strongly support the Five Power Defense Arrangement, FPDA. The republic will work towards making it more relevant to current needs.

Defense Minister Dr. Lee Boon Yang said while the situation in this region is peaceful, Singaporeans must never assume it will continue indefinitely. Established network and mechanisms that can contibute to peace and stability should not be taken lightly. Thus the FPDA, comprising Australia, Britain, New Zealand, Singapore and Malaysia continues to have a key role in enhancing peace and stability.

Dr. Lee said this in an interview with News Five on the even of a meeting of the defense ministers of the FPDA countries in Singapore tomorrow. He said these meetings help increase the effectiveness of the integrated air defense exercise and other exercises.

New Communications System Used in FPDA Exercise

BK1909152194 Singapore Singapore Broadcasting Corporation in English 1400 GMT 19 Sep 94

[Text] A new communication system is being used for the first time in Exercise Star Fish, the annual naval exercise of the Five-Power Defense Arrangement [FPDA]. The new system prevents any outsider who is listening in from understanding a message, making communication more secure. Twenty-nine ships and 34 aircraft are taking part in the exercise in the South China Sea, which is hosted by Singapore. The five powers involved are Australia, Malaysia, New Zealand, Singapore, and the United Kingdom.

Industrial Project on Indonesian Islands Begins

BK1909122594 Singapore BUSINESS TIMES in English 19 Sep 94 p 1

[Text] Singapore—The Sembawang Group's proposed billion-dollar Karimun Industrial Estate on four islands in Indonesia's Riau archipelago is finally getting off the ground, three years after the plans were first mooted.

Ong Tiong Beng, deputy general manager of Karimun Industrial Management (KIM), told BT [BUSINESS TIMES] in a recent interview that work had started on the marine complex, one of two key components in the joint venture project. The other component is a petroleum complex.

KIM, set up to manage the project, has budgeted about $100 million for Phase I of the marine complex which will cater for shipbuilding, ship repair, and heavy engineering industries.

Phase I includes land clearance and infrastructure work, reclamation, contracts for the construction of a town centre with workers' dormitories and offices, as well as a water treatment plant. Land clearance and infrastructure work began last month.

Two tenders for the town centre and its facilities closed recently. Both are to be awarded in October, with work likely to start in November. The water treatment plant is under planning.

Mr. Ong said Sembawang Construction, the construction arm of the Sembawang Group, had been appointed as contract manager for the marine complex project.

A Sembawang Engineering/Salim Group joint venture plans to build a power plant, while Sembawang Telecommunications has been commissioned to map out a telecommunications network.

In all, the bulk of work on the first phase of the marine complex, spanning 1,000 hectares [ha], will be completed by mid- 1995. But part of it will overlap with Phase II, costing a further $150 million.

This second phase covers 300 ha and includes reclamation work and-factories for light industries to support the complex.

For the petroleum complex, the other component of Karimun Industrial Estate, work is moving at a less hurried pace. The preliminary layout of the complex has been completed. But actual construction work will only begin in mid-1995.

Phase I, costing $60 million, involves preparing 120 ha of land required for tank storage farms and related facilities. This will take till end-1996.

Phase II will see the actual construction of an oil farm with more than nine million barrels of storage capacity complete with berths and supporting infrastructure. This phase will cost $550 million.

In Phase III, the capacity of the oil farm will double. Some $150 million has been set aside for this. Apart from the oil farm, plans for a 120,000-barrel-per-day refinery are being considered.

Karimun Industrial Estate, first publicised in 1991, is a 3,600 ha project which spans four islands in Indonesia's Riau Archipelago.

When fully developed, it will cover about 2,300 ha on Karimun Besar, 850 ha on Karimun Kecil, 360 ha on Pulau Assam, and 80 ha on Pulau Mudu.

Little is known of why the massive project has been delayed, but sources say things picked up when Philip Yeo, chairman of the Economic Development Board, joined Sembawang Corp. as chairman.

The marine complex is being developed by PT [Company Limited] Karimun IndoJaya Corp. comprising Sembawang (25 percent), Salim Group (60 percent), Jurong Environmental Engineering (10 percent), and Singapore Technologies Industrial Corp. (5 percent).

The petroleum complex is owned by Karimun Oil Terminal Corp. made up of Sembawang (40 percent), Salim Group (45 percent), Kuo Oil (10 percent), and Jurong Environmental Engineering (5 percent).

Cambodia

Hostage Reportedly Injured During Fighting

BK1909141494 Phnom Penh CHAKKRAVAL in Cambodian 17-19 Sep 94 pp 1, 2

[Report by Saom Rattana]

[Text] Colonel Nuon Phan of the 5th division on the Phnum Voar battlefield was interviewed by a correspondent of the CHAKKRAVAL newspaper at 1030 on 16 September about the safety of the three foreigners held hostage by the Khmer Rouge rebels since July this year.

The colonel emphatically said that according to villagers who were able to come and go and who were close to the Khmer Rouge rebels, one of the three hostages was wounded on the right ear during fighting and was now receiving treatment in the Phnum Voar area where the command post under the control of the Khmer Rouge chieftain known as Pet was stationed. The report added that now the three foreigners could eat rice like Cambodians.

Actually, the command post under the control of Khmer Rouge leaders Pet and Rin is a sanctuary that is meticulously protected. Also, the Khmer Rouge group recently strived to evacuate the three foreigners to the Pailin region to escape from the encirclement by the National Army.

Just a few days ago, the national forces launched attacks to break up the Khmer Rouge lair to rescue the foreigners. The campaign caused the two Khmer Rouge leaders to become worried and to look for a way out.

It is worth noting that between the end of August and the beginning of September, 20 armed Khmer Rouge rank and file surrendered. They reported on the location of the command post and a number of important positions in the Phnum Voar area. This is to enable the National Army to break up the Khmer Rouge lair in the near future.

Country's Request for U.S. Military Aid Viewed

BK2009094894 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 19 Sep 94

["Political Commentary": "The Most Noble Cause of Our Royal Government and People Is Increasingly Motivated"]

[Text] Article 53, Chapter 5 of Cambodia's Constitution clearly stipulates that the Kingdom of Cambodia reserves its right to receive foreign aid such as war materiel, weapons, ammunition, and military training, and other assistance for its self defense as well as for ensuring law and order in the country. It is in this context that a U.S. military delegation led by Brigadier General Mark Hamilton came to Cambodia on 17 September; this is only three days after Peter Tomsen, the U.S. deputy assistant secretary of state, concluded his successful visit to the country.

These consecutive visits by high-ranking U.S. officials constitute an active encouragement for the Cambodian people, who are in dire need of assistance for the defense of national construction and national security.

Mark Hamilton will join in assessing the restructuring plan of the Khmer Royal Armed Forces [KRAF]. This is to facilitate consideration of the size and type of aid to be given to the KRAF.

It should be recalled that U.S. assistance to Cambodia has been a topic of earnest discussion between the U.S. Government and the Cambodian Government as well as between the U.S. Government and other governments which support the Kingdom of Cambodia's efforts to defend its security.

The acceptance by the Royal Government of Cambodia [RGC] of military aid from the United States does not signifies that the RGC aims to drag on the war in Cambodia; this is only part of the legitimate right of a government that has come into being through free and fair elections.

Whatever it is and whatever its regime is, a country can never allow a group of outlawed rebels to stir up insecurity [words indistinct], and hardship to (?its people). The U.S. aid at this stage (?is destined) to ensure security and safety for the people, not to cause disaster to the nation and people. This objective is far different from the view expressed by some foreigners, who have reacted with the comments that the U.S. military aid will help further fan the flames of war in Cambodia.

Ironically, while these foreigners are negotiating the purchase of huge quantities of war materiel from the United States and while they are in a great panic when the United States threatens to cut training assistance to their military officials, they are striving to block aid to Cambodia. To be fair, the U.S. military aid to Cambodia should be welcomed. The quicker the aid is provided, the better off Cambodia will be; the larger the quantity of aid is, the more the Cambodian people will be encouraged.

Our people have been victimized by the Khmer Rouge. So why don't these people want the United States to give military aid to Cambodia when the Royal Government troops are short of weapons and the Khmer Rouge abounds with all types of armaments? While they are negotiating to buy warplanes and tanks for their national defense, why are they hindering Cambodia from doing so? Do they want the Khmer Rouge regime to return and ruin Cambodia once again? Do they have any other goal? Therefore, to defend Cambodia as a sovereign country, the RGC is fully entitled to request military aid, especially from the United States.

This is not the first time that the United States has provided military aid to Cambodia. It was also giving nonlethal military aid to the Khmer Royal Armed Forces in 1970.

Sihanouk Deplores Attack on UN Representative

BK2009054294 Phnom Penh AKP in French 0404 GMT 20 Sep 94

[Text] Phnom Penh 20 Sep (AKP)—"I have learned with consternation about the regretful incident in which Mr. Luis Oliveros, administrator of the UN Human Rights Bureau in Phnom Penh, was a victim on 9 September," wrote His Majesty Norodom Sihanouk in a message sent to the UN representative to Cambodia.

The message, dated 17 September and addressed to Mr. Benny Widyono, went on:

This aggressive act runs counter to the Khmer people's tradition of hospitality toward foreign residents. I adamantly demand that the Royal Government of Cambodia take all appropriate measures to track down, pursue, and indict the culprits.

In the name of the Cambodian people, I humbly apologize to the honorable parents, to their children, and particularly to young and innocent Monica to whom I express my best wishes for a prompt and total recovery.

I would like to pay tribute to the United Nations, to its very eminent and faithful representatives and experts who have invested themselves, sometime at a high risk for their security and lives, in the defense and promotion of universal human rights in my very tormented country.

Mauritian Foreign Minister Arrives on Visit

BK1909151994 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 19 Sep 94

[Text] A delegation led by His Excellency [H.E.] Ahmud Kasenally, foreign minister of Mauritius and chairman of the ministerial meeting of the Francophone countries, arrived at Pochentong International Airport at 1115 Phnom Penh time on 19 September on an official visit to the Kingdom of Cambodia.

During his five-day visit to strengthen the relations of friendship and international cooperation between the two countries, H.E. Ahmud Kasenally is scheduled to hold a number of working meetings with Cambodian leaders and visit some temples in Cambodia.

On hand to welcome the Mauritian delegation at the airport were Prince Kromkhun Norodom Sirivut, deputy prime minister and minister of foreign affairs and international cooperation, and several Foreign Ministry officials.

Ranariddh Urges KR To Rejoin 'National Community'

BK1809122494 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 17 Sep 94

[Text] First Prime Minister Prince Krompreah Norodom Ranariddh said in Kompong Thom Province on 16 September that union among Cambodians and forgetfulness about past feuds would be a miraculous antidote to assist the reconstruction and defense of our nation and the development of our national community.

The prince added: "The Royal Government has never advocated war. We need peace to develop the nation. The problem currently facing us is the people's poverty. The Royal Government wants national union and national reconciliation within a legal framework of respecting the will of the people who participated in the elections, through which the National Assembly, government, and monarchy were established."

Prince Ranariddh called on the Khmer Rouge rebels to respect the people's will by returning to the national community, halting the massacre and destruction of the people and nation, and joining forces to rebuild the country.

Defector Reveals Plan To Attack Banteay Meanchey

BK1709140394 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 17 Sep 94 p 5

[Text] "The Khmer Rouge [KR] will attack Banteay Meanchey and Battambang Provinces simultaneously before October 1994," according to a Khmer Rouge army officer Nhoek Chhi, aged 29, commander of Company 502, Regiment 109, of Division 450, who defected the Democratic Kampuchea to join the state authority in Banteay Meanchey Province on 12 September, along with two of his comrades-in-arms named Thu Det, 33, and Yav Yoeut, 37. The three brought along five weapons, including 12.7-mm machine gun, a K-57, a B-40, an M-16, a K-54, and hundreds of ammunition rounds.

Nhoek Chhi specified that the plan to attack the two provinces was announced by Sok Yean, commander of the Khmer Rouge Division 450 at a meeting on 19 September at Dong village adjoining the Cambodian-Thai border. The meeting also stressed that the combined troops of Divisions 450, 519, 948, 785, and 320 and the Pailin regional forces will be used in this operation to prevent the Khmer Royal Armed Forces from moving troops about. As for the people (under Khmer Rouge administration), they will strive to produce punji stakes and plant them on battlefields and along the Cambodian-Thai border, and then escape to Thai soil. All access roads will be blocked by felled trees and mines.

This Khmer Rouge soldier also said that it is not known whether the Khmer Rouge will carry out this plan as they tend not to do what they say.

The three men decided to return to live under the administration of the legitimate Royal Government because of the hardship in their daily lives and the strict discipline imposed by Khmer Rouge leaders which leads to people losing their rights and freedom to earn a living. They added that life with the Khmer Rouge is very hard and that many other Khmer Rouge leaders also want to defect but the opportunity have not emerged and they do not want to talk about this for fear of being found out. A case in point is the three of us, as even our wives and children do not yet know that we have left the Khmer Rouge.

In September, four Khmer Rouge soldiers presented themselves to the authority in Banteay Meanchey Province to join society and the nation. Another 68 also returned in the same month in various provinces.

Khmer Rouge Cabinet Communique on Warfare

BK2009064794 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 19 Sep 94

["Communique" of the Secretariat of the Provisional Government of National Union and National Salvation Cabinet dated 19 September; place not given—read by announcer]

[Text] I. On Monday, 19 September 1994, the cabinet of the Provisional Government of National Union and National Salvation [PGNUNS] held its weekly working session under the chairmanship of His Excellency Khieu Samphan, prime minister and minister of the National Army, and with the participation of all its members.

II. The cabinet heard reports presented by each ministry and thoroughly discussed all aspects of them with a high sense of responsibility and perseverance. The cabinet observed that the all-round situation of the traitorous two-headed government is suffering its death-throes in all fields and sectors; their entire regime is collapsing. Militarily, they are being defeated because of the Cambodian guerrilla and people's war. They are being defeated because the entire Cambodian nation and people are united in a struggle based on guerrilla and people's warfare and are in control of their own destiny. They are being defeated particularly because the people are opposed to the two-headed government and are depriving it of troops with which to fight.

Politically, the two-headed government is being condemned, opposed, rejected, and convicted by the Cambodian nation and people as traitors, arch-traitors who have sold out and murdered their own nation through what they have done. No people side with them; they are all opposed to them and fight them resolutely and persistently.

Economically, the two-headed government is bankrupt. They can eke out a living from day day thanks only to the daily dole thrown to them by the Americans, French, Australians, and the like. Besides, they have looted, collected, and auctioned off to foreigners all the assets of the nation and people; and they have sold our sea, islands, properties, fields, orchards, lakes, and rivers.

III. The cause that is forcing communist Vietnam, the villainous Western alliance, and the traitorous two-headed government into such a checkmate is the fact that we Cambodians can no longer accept or endure their monstrous crimes against the nation, people, and race.

Our nation and people are waging a struggle against the military war as well as the demographic war of the 4 million ethnic Vietnamese, which have been waged over the past 15 years by communist Vietnam, its puppets, UNTAC [UN Transitional Authority in Cambodia], the villainous Western alliance, and the two-headed government.

Through tenacious battles season after season and year after year, our nation and people have become more experienced and confident in the effectiveness of the guerrilla and people's warfare. Our nation and people have become more conscious of and confident in their own strength and ability to fight against and prevent communist Vietnam, the villainous Western alliance, and the traitorous two-headed government from destroying the Cambodian nation and race. For this reason, the guerrilla and people's war in the countryside has become increasingly widespread and successful. In Phnom Penh—the lair of the two-headed government—the guerrilla and people's war has been gradually activated, causing constant fright and alarm within the two-headed government.

IV. The war conducted by communist Vietnam, the villainous Western alliance, and the two-headed government, which has gone on for over 15 years, is now on the verge of collapse. The people have wondered whether communist Vietnam, the villainous Western alliance, and the traitorous two-headed government wish to solve this problem peacefully or not. In posing such a question, it is clear that the people have seen no sign that these warmongers want to solve the Cambodian problem peacefully. The people see only that they are seeking by all means to continue igniting the war in Cambodia. We have convincing proof to support this claim.

Currently, on the one hand, they have ordered and permitted the two-headed government to persecute, incarcerate, and murder the people in a thoroughly fascist manner. In the countryside, they continue to try to conscript soldiers and militiamen so that they have troops to fight with and sacrifice in large numbers. In Phnom Penh, they have killed journalists and closed down newspapers so that no one can say anything against them. They have indiscriminately arrested people, forbidding them to conduct any activities against them. On the other hand, they have sent military aid and personnel to the two-headed government to help escalate communist Vietnam's war of aggression and they have resorted to various tricks, both political and diplomatic, with the aim of doing away with the national forces, opposing national reconciliation, and continuing to swallow Cambodia.

However, our Cambodian nation and people have a clear perception of communist Vietnam, the villainous Western alliance, and their flunkies. Our nation and people are experienced enough to understand their tricks and not to allow them to easily realize their dark designs. Moreover, our nation and people firmly believe that relying on their own national and people's strength and pooling all resources into the common struggle constitutes a magic weapon that can be used to successfully defend the nation and people. This was true in the past, is true now, and will remain true in the future.

V. For this reason, the cabinet of the PGNUNS would like to state again and again that the PGNUNS is joining our entire Cambodian nation and people in upholding our union in an even more active struggle. All of us firmly advocate the guerrilla and people's warfare tactics and adhere to the view that we are the masters of our own destiny; we rely entirely on ourselves; we use everything available as weapons with which to fight; we use everything that we find in the locality to attack the enemy and to fully protect ourselves.

The fraternal peasants in the countryside, on the one hand, are making punji stakes, setting up poles, crossbows, and booby traps, blocking roads with tree trunks, and cutting off small and large access roads to prevent the enemy from moving their invading troops around. They cut the economic links of the enemy and prevent them from entering villages to conscript soldiers and militiamen as cannon fodder. On the other hand, they are keeping a firm control of their assets in terms of fish and produce, having them available around their houses and making them easily accessible for consumption and protection.

The fraternal people living in Phnom Penh are waging simple forms of struggle and using unsophisticated weapons to attack the enemy in self-defense, employing all imaginable methods and causing the two-headed government and their old and new bosses to be worn down and become confused with the guerrilla tactics employed right inside the enemy's lair.

The cabinet of the PGNUNS also appealed to peace- and justice-loving people in the world, including the Americans, French, and Australians, to use all their influence to prevent the American, French, and Australian Governments from interfering, escalating communist Vietnam's war of aggression, and undermining national reconciliation as well as peace in Cambodia and the region. The people in these countries are called upon to prevent their administrations from sending them away from their loved ones to die in a meaningless war. To settle the Cambodian problem once and for all in the interests of both the Cambodian nation and people, in the interests of people everywhere, and in the interests of the peace and stability of the region, the best direction to take is to refrain from sending military aid that will allow communist Vietnam's war of aggression to continue and instead work for national reconciliation, national concord, and genuine peace in Cambodia.

The entire Cambodian nation and people need, more than anything else, peace and good relations with all countries and people in the world. The struggle of the Cambodian nation and people has all along been aimed at realizing this sacred goal, and nothing else. This goal is to realize national reconciliation and unite the national forces from all political affiliations in order to build a prosperous Cambodia with a free democracy, both politically and economically, and to save and perpetuate the Cambodian nation and race.

[Dated] 19 September 1994
[Signed] The Secretariat of the Cabinet of the PGNUNS

Continued Struggle Against SRV Immigrants Pledged

BK1909042594 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 18 Sep 94

["Communique" of the spokesman of the Provisional Government of National Union and National Salvation issued on 18 September; place not given—read by announcer]

[Text] Since 24 August 1994, the communist Vietnamese in Hanoi have repeatedly feigned protests against the two-headed government's immigration law. In reality these protests are pure buffoonery staged by the Vietnamese, their puppets, and the villainous alliance. In this connection, President Le Duc Anh sent a letter to the king of Cambodia; Prime Minister Vo Van Kiet wrote to the two-headed government's Hun Sen and Ranariddh; Foreign Minister Nguyen Manh Cam wrote to Sirivut and the UN secretary-general; their Army newspaper carried editorials; and their mass organizations issued communiques, and so on. As for the villainous alliance, it echoed all these protests of communist Vietnam.

People all over have wondered who the aggressor is between Cambodia and communist Vietnam, who the victim is, who is trying to swallow whom, and who is seeking to exterminate which race?

Hundreds of thousands of communist Vietnamese troops, hundreds of thousands of their other forces, tens of thousands of their tanks, cannon, and multiple rocket batteries were sent to invade Cambodia; and over the past 15 years they have been waging an endless war in this country. They have repeatedly conducted campaigns every year, from the dry season to the rainy season, and vice versa. Many Cambodians have died, with their skeletons strewn all over the plains and in the forests. Many hundreds of thousands of Cambodian refugees have been forced to flee to foreign countries, many of whom can now be found crowding America and Europe. Millions of others have remained internal refugees up to the present time. Many Cambodians have died, been separated, injured, or maimed because of mine accidents, diseases, and hunger during the communist Vietnamese-imposed A-5 work corvee. Several million ethnic Vietnamese have been introduced into Cambodia by communist Vietnam since its invasion and occupation of Cambodia. These 4 million ethnic Vietnamese have been robbing Cambodians of their lands, fields, orchards, cattle, and farm tools, pillaging their lakes and rivers and plundering virtually everything, including factories, gold and money, the nation's cultural heritage, and pots and pans. They have looted Cambodia's economic assets, forests, rice, fish, and meat and sent them back to Vietnam. They have destroyed Cambodia's society, culture, mores, and customs. In other words, they have swallowed Cambodia.

Therefore, how should we punish communist Vietnam for committing this aggression against the Cambodian people? This is a monstrous crime of genocide. According to international norms and practice, on the one hand, they must pay indemnity to the Cambodian people, who are the victims; on the other hand, they must be severely condemned by a tribunal for their crime.

The Cambodian nation and people have always stayed in their own country. They have not done anything against the Vietnamese people at all. The Cambodian nation and people merely demand their right to be a nation like others, like all sovereign countries in the world. The United States has denied entry to Haitians and Cubans. Australia has also kept Vietnamese out of its shores. France, too, has closed its door to Africans and Arabs. Communist Vietnam itself once kicked ethnic Chinese into the sea. As for Cambodia, we only want to have a correct, fair immigration law that conforms with international norms and practice to solve the problem of immigrants without discriminating against their nationalities.

Not only is this demand of the Cambodian people to have a universally accepted law justifiable, but it is vitally necessary in order to withstand the danger created by the 4 million Vietnamese immigrants bent on swallowing Cambodia. For Cambodia to survive as a country with its own national identity and with its national culture, mores, and customs intact and in order to protect the daily life of the Cambodian people, the Cambodian nation and people and the Provisional Government of National Union and National Salvation [PGNUNS] are determined to carry on the struggle against communist Vietnam's demographic war, fighting in all possible ways and using the concrete conditions of each locality until Cambodia achieves genuine national reconciliation and settles all its large and small problems, including the drafting of a correct, fair immigration law conforming with the sacred interests and rights of the Cambodian people.

[Dated] 18 September 1994

[Signed] The Spokesman of the PGNUNS

Khmer Rouge Hold Foreigners Responsible for War

BK1709162194 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 17 Sep 94

["Communique" of the Spokesman of the Provisional Government of National Union and National Salvation; dated 17 September—read by announcer]

[Text] I. The war that is raging in Cambodia and sowing great destruction on the Cambodian nation and people is the continuation of the communist Vietnam's war of aggression since the end of 1978. The two-headed government, with 99 percent of communist Vietnamese forces in Phnom Penh and 100 percent in rural areas, is the great fascist tool of the communist Vietnamese aggressors implementing communist Vietnam's policy and strategy to annex Cambodia.

II. The alliance of villains—the United States, France, and Australia—have been colluding with the communist Vietnamese aggressors and openly taking part in the communist Vietnam's war of aggression. Peter Tomsen, deputy assistant of the U.S. Secretary of State in Phnom Penh, clearly said that since the United States had been defeated in Vietnam and Cambodia [words indistinct] and returning to Cambodia.

III. In fact the communist Vietnam's war of aggression should end after the Paris agreement. The communist Vietnamese had already been defeated on the battlefield in Cambodia [passage indistinct]. The communist Vietnam were at a dead end. They had to implement the Paris agreement and withdraw all their aggressor forces from Cambodia. However, UNTAC [UN Transitional Authority in Cambodia] and the alliance did not implement the Paris agreement and did not demand that

Vietnam withdraw from Cambodia to enable a four-party national reconciliation to take place. UNTAC and the alliance made efforts to maintain communist Vietnamese forces in Cambodia. Communist Vietnam's state authority and war machine remains intact in Cambodia and the communist Vietnam's war of aggression continues.

IV. Now the two-headed government, tool of the communist Vietnam's war of aggression, is bleeding white in every field, military, political, diplomatic, economic, and financial. The two- headed government is gasping for air in the web of guerrilla and people's war of the Cambodian people in rural areas and in the cities.

The U.S.-French-Australian alliance has gathered [words indistinct] to assist the two-headed government in collaborating with communist Vietnam to continue fueling the communist Vietnam's war of aggression. They continue to kill the Cambodian nation and people and endlessly destroy villages, houses, and monasteries of the Cambodian people.

V. The entire Cambodian people in and outside the country absolutely oppose the war of aggression of communist Vietnam, the two-headed government, and the alliance of villains. The Cambodian nation and people want to quickly end the war, national reconciliation, peace, and national union so that to have the opportunity to earn a living peacefully.

VI. The Cambodian nation and people have the right to defend themselves. You have come to join the communist Vietnamese and the two-headed government, traitor to the nation, to continue fueling the war to kill the Cambodian nation and people in violation of the Paris agreement, international law, the UN Charter, and the demands of the peace-loving Cambodian people and people in the world. You are therefore fully responsible for all the consequences resulting from your collusion with the communist Vietnamese and the two-headed government to continue fueling the war in Cambodia and to continue massacring the Cambodian people and exterminating the Cambodian race.

[Dated] 17 September 1994

[Signed] The Spokesman of the PGNUNS

* Columnist Voices Support for Hun Sen

[Editorial Report] The 8-9 August edition of REAKSMEI KAMPUCHEA carries a commentary by Li Tung headlined "Justice for Samdech Hun Sen" that starts with the statement that "for nearly 20 years, the fate of Cambodia has been tightly bound to a number of political independents, and most closely to Samdech Hun Sen."

Li Tung rhetorically asks readers if they know what brought war, the "Viet Cong and North Vietnamese armies, and the popularity of the Khmer Rouge which grew by the day" to Cambodia in the 1970's. Li Tung credits Hun Sen with playing a key role in helping Cambodians reach a sense of national unity and observes that only the Khmer Rouge, their supporters and "those playing the Khmer Rouge political game" need fear him.

The author praises Hun Sen "and many other independent Cambodians" for escaping from the Khmer Rouge and "asking the Vietnamese Army to help overthrow that regime in the interests of national salvation." Li hails Hun Sen's performance as prime minister after 1985, citing "his tenacious fight for political and economic reform," his ability to "solve problems with the Vietnamese Government, proposing that the Vietnamese Army peacefully withdraw from Cambodia," as well as his role in bringing about the post-election "national reconciliation." The author notes Sihanouk's trust in Hun Sen.

Li states that were it not for Hun Sen and "other independents in the Cambodian People's Party," the Khmer Rouge would have remained in power well beyond January 1979. Li also credits Hun Sen for "the good relations between the National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia [FUNCINPEC] and the CPP," as well as the "best relationship" between Ranariddh and himself. The author ends by crediting Hun Sen with the success against the July coup plotters.

Minister Discusses Democracy, Press Freedom

BK2009100694 Bangkok BANGKOK POST (INSIDE INDOCHINA Supplement) in English 20 Sep 94 p 2

[Report by Brian Hansford in Phnom Penh]

[Text] Strengthening democracy or returning to dictatorship are the stark choices for Cambodia. Sacrificing some press freedom now is the way to allow real democracy to grow, according to Cambodia's information minister.

"The solution I think is the best for Cambodia, is that you cannot use 100 percent (of press freedom), you use only 70 percent or 80 percent for two, three, four, five years," minister Ieng Muli told Inside Indochina.

"In five years I believe we will complete all the foundation work and there will be strong support for democracy. In that case there will be a real democracy which will last for 100 years for Cambodia," he said.

Muli said Cambodia's journalists should help unify their war-torn society and not sow division with libelous partisan attacks. Newspapermen, like other Cambodians, have responsibilities to fulfil as well as rights to enjoy. And all journalists working in Cambodia should recognise the country is going through a "transitional period".

"First, the government is committed to press freedom. Second, I want the international and local press to understand the real situation of Cambodia as just emerging from more than 23 years of war and violence," Muli said.

As Cambodia's royal government approaches its first birthday on September 24, Muli asked journalists to be patient. He said a neutral government administration, a functioning legal system and all the other ingredients of democracy could not be set up in just 12 months.

"In one year we cannot build the whole range of democratic institutions and without these you cannot exercise your full freedom of press because the local journalists are members of society and they have to contribute to rebuild the country," said Muli.

"They just ask the state to respond to its responsibility. As citizens they have to be responsible also. You want freedom, you show your responsibility. Because Cambodian society is not stabilised yet, you have to understand the situation and be patient."

Cambodia's information ministry came out strongly against the killing on September 7 of Non Chan, the editor of SAMLENG YUVEAKCHON KHMER newspaper (VOICE OF KHMER YOUTH.)

"The ministry of information was the first to condemn the killing of the editor. And we are committed to cooperating with other authorities to investigate the truth of this killing," Muli said.

The president of the Khmer Journalists Association (KJA) told Inside Indochina he thought Non Chan was killed for political reasons because of critical articles in his newspaper.

"I think the editor had many enemies, enemies from CPP (Cambodian People's Party) from FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] (the royalist 1993 election winners), from the Vietnamese and we can also see some interests from the Khmer Rouge," said president Pin Samkhon.

Samkhon said that recently some Cambodian newspapers, including that of the dead editor, wanted to leave the KJA and set up their own group because they disagreed on how critical their articles should be.

"Five newspapers want to create another association. I agree with them because if their ideas are different from ours they can open another association," Samkhon said. "I think they have different political opinions from us. They criticise, they are very critical of the CPP, very strong against Vietnamese, very strong against corruption."

Samkhon's organisation has a journalism code of ethics but the KJA president agrees with minister Muli's view that political and other bias often replaced fact.

"I think some newspapers are nearer political propaganda than the truth," said the KJA leader.

Cambodian papers are frequently filled with criticism of the country's rampant corruption, with violent anti-Vietnamese rhetoric and illustrated with cartoons of government officials.

The KJA leader says this "poor journalism" is largely due to little or no training and the need to earn money. But as another newspaper director told Inside Indochina, much quick money is often earned by journalists writing personal or politically-motivated articles for one or other powerful individual or factions. But Cambodia's forthcoming press law is an attempt to cleanup Cambodian journalism and editors and writers alike could soon face restrictions, Muli warned.

"There are no plans to close any newspapers but when the new press law is adopted everyone has to reapply for their newspaper and we will set criteria to be an editor of a newspaper. There will be no restriction on press freedom, there will be reinforcement of a responsible press. To be responsible (the editor) must have some professional skill, must have educational background also, so that not everyone can be editor of newspaper," he said.

The number of Cambodian newspapers rose dramatically during the UNTAC [United Nations Transitional Authority of Cambodia] peace-keeping operation. But efforts to agree on a press law have been repeatedly stalled as the groups concerned tried to reach some degree of consensus against a background of increasing tension between the news media and many top Cambodian leaders. But the minister said he thought Cambodia's National Assembly would "soon" adopt the new press law.

"There are no main problems (with drafting the press law) but because in Cambodia we don't have a complete set of penal codes that can be used in cases of defamation, of false information for example, we have to take some from the UNTAC (penal code)," the minister said.

The KJA president said he welcomed Muli's intention to discuss the draft law with the press association.

"It's a good situation when we have communication between journalists and the ministry. I think we are not good in journalism but we have a part to play in the development of our country," Samkhon said of his members.

Muli is scheduled to visit Thailand this week.

"It can be a visit to promote good relations, but also it will be beneficial for Cambodia to know what Thailand has done in the area of communications and information," he said.

Foreign Ministry Declares Organization 'Illegal'

BK1909123594 Phnom Penh THE CAMBODIA DAILY in English 16-18 Sep 94 pp 1, 6

[Text] The Ministry of Foreign Affairs has declared a local NGO [nongovernmental organization], the Khmer

Institute for Democracy (KID), "illegal" and strongly reprimanded its Director Julio Jeldres for his condemnation of the September 7 murder of local newspaper editor Nun Chan.

"The KID's press release of September 9, 1994, insinuating and alleging that the Royal Government of Cambodia was behind those killings (sic), prejudging the investigations of criminal cases, went too far beyond the realm of democracy and freedom of expression," said the press release, dated September 14, and obtained last night by The CAMBODIA DAILY.

The release added that KID "mandate of operation in Cambodia (had) not been officially recognized and authorized by the local government" and that the Institute was therefore "operating here on illegal ground." But the foreign ministry denied the government was trying to expel Jeldres, a Chilean-born Australian national and the official biographer of King Sihanouk, or ban the KID.

Jeldres last night strongly denied that the September 9 KID press release headlined "Another Step Backwards for Cambodian Democracy! Another Senseless Death!" slandered the government or that he had failed to accredit KID with the authorities.

In a letter sent yesterday to the Foreign Ministry and faxed to The CAMBODIA DAILY, Jeldres said "KID has never alleged, insinuated or suggested that the Royal Government is behind the killing of the editor of the Voice of Khmer Youth."

The letter added that the formation of KID and appointment of Jeldres as director had been approved by former President of the Supreme National Council (SNC) King Sihanouk and was therefore still operating legally.

"The Royal Government of Cambodia is the legal successor of the SNC and as such has continued to operate based on several of the regulations approved by the SNC," the letter explained.

The letter also noted that KID had not received any request from government ministries to register or received any copies of current legislation, regulations or rules requiring local NGOs in Cambodia to register.

Jeldres "respectfully requested" the Foreign Ministry to note that the September 9 release makes no reference to direct government involvement in the killing.

"The last paragraph...states that KID feels that Cambodia's image abroad will not be enhanced by the killing of newspaper editors or the harassment of journalists by government authorities which seems to be becoming common place in today's Cambodia," Jeldres clarified.

Newspaper Notes Tourist Arrivals Rise by 41%

BK1909123294 Phnom Penh THE CAMBODIA DAILY in English 16-18 Sep 94 p 6

[Report by James Kanter]

[Text] The number of tourists visiting Cambodia in the first seven months of 1994 has risen by 41 percent, Undersecretary of State for Tourism Sok Chenda told the CAMBODIA DAILY yesterday. "Up until July of this year we have seen already 89,000 people here visiting the Kingdom. That is up 41 percent for the same period last year and we expect a full 200,000 by the end of the year," Sok Chenda reported.

A statistics bureau, set up in the Ministry of Tourism, had been carefully examining immigration data which was triple-checked for accuracy, he explained. Tourist agents reached yesterday said they routinely gauged the number of tourists, as opposed to business visitors, by counting sales of Angkor Wat temple site tickets—which reportedly numbered over 5,000 during March.

New Security Zone Set Up in Two Coastal Cities

BK1709140194 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 17 Sep 94 p 2

[Text] Early this week the Ministry of National Defense organized a ceremony to announce the establishment of command posts in the suboperational zones of Kep and Bok Kou cities, particularly in Kep, to ensure security and the safety of Cambodian people and local and foreign investors who want to develop these two cities.

Although security in Kep is not yet 100 percent, many companies recently came to assess the situation and to invest. It has been reported that a company has signed an agreement with the state authority to invest in a $400 million dollar project with $120 million dollars to assist in building social infrastructure in Kep. Preparations have begun.

It is also to be specified that in early 1994, Chea Ritthichhut was appointed governor of Kep and Bok Kou. Chea Ritthichhut was director of a camp of the Prince Krompreah First Prime Minister along the Cambodian-Thai border prior to the election in 1993 [as published].

General Eng Sereivut has been appointed commander of the Kep and Bok Kou suboperational zone.

At the ceremony to open the command post of the Kep and Bok Kou suboperational zone, General Eng Sereivut said "The Khmer Royal Armed Forces stationed in the zone will strive to carry out all tasks to ensure security and safety of the local people and others who frequent this area. In particular, the army will take part in the rehabilitation and development of these two cities to make them into modern international cities along the Cambodian coast.

It is remembered that "the army and police of the former State of Cambodia stationed in the Kep area were withdrawn in December 1993. The police force stationed in the area was completely pulled out in January 1994."

Indonesia

Government Expresses 'Relief' Over Haiti Solution

BK2009124594 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 20 Sep 94

[Text] The Indonesian Government has expressed relief at the current situation in Haiti. This is because all efforts to solve the problem in Haiti through diplomatic channels and negotiations that were proposed by Indonesia were successful in preventing a military invasion and bloodshed on the Caribbean island. A Foreign Department press statement released in Jakarta today said that Indonesia hopes for a comprehensive and lasting solution to the fate of the islanders.

Further Reports on Visit by Hungarian President

Goncz Satisfied With Visit Progress

LD1909184694 Budapest MTV Television Network in Hungarian 1730 GMT 19 Sep 94

[Excerpts] Hungarian Republic President Arpad Goncz has recommended Hungary to Indonesia as one tool of economic development. The president was addressing businessmen at a meeting in the Chamber of Commerce.

[Correspondent] The president came to Indonesia for the same reason for which he toured Mongolia and China a few days ago: To open, through his personal contacts and even friendship with local leaders, possible doors for Hungarian businessmen and merchants in this important market. [passage omitted]

Arpad Goncz is satisfied with his visit so far and, as always, he is both optimistic and realistic.

[Begin Goncz recording] We were trusted unequivocally and at all levels. However, we had to learn one thing and must be aware of it: That we face competition, an enormously strong competition in price and quality. We will be shown goodwill in this competition, but just because they like us, they will in no way place us before anyone if our offers to them are unfavorable. [end recording] [passage omitted]

Suharto Hosts Banquet

BK1909160794 Jakarta Radio Republik Indonesia Network in Indonesian 1500 GMT 19 Sep 94

[Text] Indonesia and Hungary will exploit various opportunities to enhance bilateral relations, particularly in economy and trade. This was stated by President Suharto and Hungarian President Arpad Goncz during a state banquet at the State Palace in Jakarta tonight.

President Suharto, who is accompanied by Mrs. Suharto, said in a speech that ended 15 minutes ago that the signing of new agreements will mark the enhancement of bilateral economic and trade cooperation.

[Begin Suharto recording] Trade missions from the two countries have exchanged visits. Various agreements on trade cooperation have been signed. Members of the private sector in the two countries have participated in international trade fairs outside Hungary and Indonesia. The Indonesian Trade Promotion Center, which was opened in Hungary this year, covers all Central European countries. Hopefully, the signing of an Indonesian-Hungarian air agreement during your visit will enhance relations between the two nations in all fields. [end recording]

In his speech, President Suharto also explained various steps taken by the Indonesian Government and people to achieve a just and prosperous society on the basis of the Pancasila ideology.

As of news time, the Hungarian president is delivering the last part of his return speech.

The state banquet was preceded by an exchange of souvenirs. The banquet, which is also being attended by Vice President and Mrs. Try Sutrisno and leaders of high state bodies, is highlighted by arts attractions from various parts of Indonesia.

Suharto, Goncz Sign Agreements

BK2009102594 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 20 Sep 94

[Text] President Suharto and Hungarian President Arpad Goncz held a private meeting at Merdeka Palace in Jakarta this morning, agreeing to expand economic relations between the two countries. Minister/State Secretary Murdiono said that during the private meeting, the two leaders explained about the development progress in their respective countries.

President Suharto and his Hungarian counterpart agreed that by being informed about the development stages in each country, a more concrete cooperation can be achieved through private sector participation.

According to Minister Murdiono, Hungary has a strategic position because it receives special treatment from the European Economic Community. Hungarian products, in which 50 percent of the components are locally made, can be exported to West European countries without an import duty. Hungary also offered Indonesia, among other things, an opportunity for our students to take technical courses at various colleges in Hungary that use English as the medium of instruction.

Following his meeting with President Suharto, Hungary's Arpad Goncz told reporters that a deal on the purchase of Hungarian-made buses had not been signed yet, but that he was optimistic that the deal will soon be sealed.

The bilateral agreements signed today included Indonesia-Hungary air links, and relations between the two countries' central banks. Commenting on his visit to Indonesia, the state guest said that he was proud to be the first Hungarian president to visit Jakarta following the political changes in Hungary.

President and Mrs. Susanna Goncz and their entourage are scheduled to leave Jakarta for Budapest this afternoon.

Malaysia Continues Tourism on Disputed Island

BK2009120394 Jakarta SUARA PEMBARUAN in Indonesian 6 Sep 94 p 11

[Text] Nunukan, 6 Sep—Private companies from Malaysia are continuing to develop tourism facilities on the disputed Sipadan Island. The island is claimed by Indonesia and Malaysia, but they have agreed on a status quo. The July 1994 issue of the Malaysian Airlines' [MAS] official in-flight magazine, "WINGS OF GOLD," prominently featured the island as a tourist destination, even though Malaysia had previously agreed to stop all such activities there.

A Malaysian tourist bureau, Borneo Divers and Sea Sport, received a list of tourists intending to visit the island from its two agencies based in Kota Kinabalu and Tawau respectively. One of them is located on the fourth floor of the Sabah Building, Kota Kinabalu, Sabah, East Malaysia. Last week, at least 72 tourists were recorded to have registered themselves with the agencies for a three to six day visit to "Cendawan" Island, located in the Sulawesi Sea.

It was reported that over the past three months, at least 1,523 foreign tourists have visited the island for diving. The island is situated at a latitude of 4 degrees and nine minutes north, about 15 miles east of Indonesia's Nunukan Island.

Pieter Ong (41), a Malaysian tourist who visited Sipadan Island via Samporna [Sabah], told PEMBARUAN last Tuesday that about 40 rooms in the 20 cottages available on the disputed island were occupied by Japanese, Taiwanese, American, and Australian tourists.

During a third meeting of a Malaysian-Indonesia Joint Commission on the disputed Sipadan and Ligitan Islands in early 1994, Ahmad Kamil Jaafar, secretary general of the Malaysian Foreign Ministry, promised to put a stop to activities attracting tourists to Sipadan Island while negotiations on resolving the issue of its status were not yet complete. Ahmad Kamil said that Kuala Lumpur would tell the Sabah state government about it, and, in the meantime, Sipadan Island would not be developed into a tourist resort.

However, the MAS magazine, which prominently featured six pages of articles decorated with colored pictures entitled: Sensational Sipadan, was distributed to every passenger on the flight, whether they were local or foreign travelers. The articles depicted the beauty of Sipadan Island and categorized it as the most beautiful island in Malaysia.

The MAS also openly attached to the magazine the addresses of travel agencies that could arrange the bookings for intending tourists from New York, and booking contacts for visiting Sipadan at the Los Angeles-based Malaysian Tourism Promotion Board. [preceding four words in English]. The articles also said that the distance by air to the island from Los Angeles is about 7,700 miles.

In addition, the magazine, which was written by Kathryn Winiarski, explicitly described the character of Sipadan Island on pages 28 and 29, accompanied by two small photographs in the left hand corner of page 28.

Editorial Stresses ICPD's Rejection of Abortion

BK1609113694 Jakarta SUARA PEMBARUAN in Indonesian 31 Aug 94 p 2

[Editorial: "Indonesia Strongly Rejects Abortion"]

[Text] The abortion issue continues to draw attention and provoke public debate. Abortion deals with the fundamental issue of human life. Even though Indonesia is carrying out a family planning program, it strongly rejects abortion as a method of family planning. In implementing our family planning program, we should take note of the government's rejection of abortion as a method for planned parenthood.

Following a meeting with President Suharto at the his Cendana Road Residence in Jakarta on 29 August, Haryono Suyono, minister of state for population and head of the Family Planning Board, told reporters that the head of state had stressed that Indonesia opposes marriage between people of the same sex, even though the practice can reduce population growth. This is incompatible with Indonesia's existing culture, religious practices, and laws.

On the same occasion, the head of state appointed Haryono to head the Indonesian delegation to the United Nations Conference on Population and Development in Cairo next week. Haryono will be accompanied by Nana Sutresna, chairman of the Nonaligned Movement [NAM] Steering Committee, and 11 senior officials from various government departments. There will also be two people from the Ulema Circle—IAIN [State Islamic Institute] Rector Syarif Hidayatullah and Dr. Quraish Shihab. President Suharto had originally been scheduled to attend the conference in his capacity as NAM chairman, but he decided not to do so after his doctors told him to get plenty of rest.

According to Haryono, the president instructed all Indonesian delegates to the conference to reaffirm Indonesia's effort to improve the quality of its population in stages under the long-term development master plan as well as having people participate more actively in the country's development program. The president also directed the delegates to reject without hesitation and refuse to support the inclusion of controversial clauses on abortion, extramarital sex, or homosexuality in the final documents of the UN population conference. He said that although these practice could reduce population growth, "they are against Indonesia's culture and religious values."

With advances in science and technology, abortion might be the most effective and efficient way to support a family planning program, but it has provoked a long debate about whether it is equivalent to murder. The debate has been going on since the 1960's, when population growth—particularly in Asian region—began to be a great concern. It was predicted that population growth would alarmingly outrace economic growth; therefore population had to be checked to give society a chance to prosper.

The world's moralists and ethicists are conducting a heated debate on the abortion problem; that is, whether abortion equals murder. By having an abortion, are you taking a human life or not? The point in question is: At what age is a fetus considered a human being; a living person? Some say that a five-week-old fetus is a living person. Yet some are of the opinion that a new human being exists in a woman's womb from the time of conception; therefore it should not be aborted. According to this group, birth control rather than abortion should be used to reduce population growth.

We fully support our government's decision to reject abortion as a family planning method at the Cairo meeting. We do not reject abortion completely, however. It should be dealt with case by case. For example, in a desperate case an abortion may be necessary to save the mother's life. This has been stipulated under Health Law No. 23/1992. Abortion is also legal for women who have been raped in an effort to save the victims from being haunted by the trauma and to prevent them from becoming mentally insane. In such situations, abortion should be viewed from a different aspect. Apart from abiding by the Health Law, people should also abide by moral and ethical codes. Still, the fact remains that the government never had the intention of legalizing abortion by means of finis non santificat medium. [preceding four words as published]

If one is facing a dilemma about whether or not to opt for an abortion, and finally there is no choice but to proceed, it is necessary to seek a second opinion from another party. This is in line with the principle that abortion should be viewed from various aspects. Doctors are required to exchange views with psychologists, lawyers, moralists, ethicists, and religious experts before arriving at a decision on whether or not to perform an abortion on a patient.

We hope that the Indonesian delegates will be firm in rejecting any initiative at the Cairo conference to legalize abortion, extramarital sex, or homosexuality. We cannot deny the fact that our country has gained international recognition for our success in implementing its national family planning program and controlling population growth, but we do not support abortion or marriage between two people of the same sex as a means to control population growth. There are several kinds of contraceptives that we encourage people to accept as a family planning method, and this has proven successful.

* Rumored Japan, ROK Plywood Boycott Viewed

94SE0229A Jakarta BISNIS INDONESIA in Indonesian 10 Aug 94 p 1

[Text] Jakarta (BISNIS)—Minister of Forestry Djamaluddin Surjohadikusumo said the rumored boycott of Indonesian plywood by Japan and South Korea will be discussed in a domestic industry coordination meeting.

"In the domestic industry coordination meeting, we will discuss how best to respond," the forestry minister said in commenting on the rumor of a boycott of Indonesian plywood by the Korea Imported Plywood Association and Japan.

Djamaluddin admitted that he had not received an official report on the rumored boycott. "Because of that, I cannot yet make any comment on what must be done. I will not be able to do that until I contact the minister of trade. We will discuss the matter in the domestic industry coordination meeting," he said in reply to questions.

Djamaluddin also admitted that the Indonesian Association of Forest Enterprises (APHI) had not yet reported to him about any rejection of Indonesian plywood products that would affect that industry.

Responding to a question about whether the boycott is connected with plywood sales at high prices by associations appointed by APKINDO [Indonesian Wood Panel Association], causing a shift to plywood from Malaysia, the Forestry Ministry said he had not received such a report.

Meanwhile, Minister of Trade Satrio B. Judono said he will ask clarification from APKINDO General Chairman Mohammad (Bob) Hasan about the rejection of Indonesian plywood. "I will talk with Bob Hasan about the disruption of Indonesian plywood exports to South Korea and Japan," he said here yesterday.

With regard to facing a boycott, the trade minister said he will talk with Bob Hasan about steps the government will take to resolve the obstacles to exports of this mainstay product.

At another location, Abdul Somad, chief of the South Kalimantan Regional Office of the Department of Trade, acknowledged a decline in imports of plywood from that province by Japan, South Korea, the United States, China, and several European countries.

In January 1994, Japan bought 57,847 cubic meters of plywood from South Kalimantan, but six months later Japan's purchases had dropped to 44,225 cubic meters.

Similarly, purchases by the United States declined from 14,055 cubic meters to 7,326 cubic meters in the same period.

In January, China imported 9,002 cubic meters of plywood from South Kalimantan. China's imports in March totaled 28,852 cubic meters, but in June imports had dropped to only 638 cubic meters. The plywood export volume from South Kalimantan was about 528,164 cubic meters, a decline of 13.86 percent from the first semester of last year.

The forestry minister stressed that the visit of Prince Akishino to the Department of Forestry was absolutely not for discussion of Japan's rejection of Indonesian plywood. "His visit was personal and not as a representative of the government."

APKINDO Executive Director Asmaning Tjipto Wingnyoprajitno said that because his organization did not yet know about the issue with certainty, he did not want to comment hastily.

"We will first see if it is true. It could be only a remark by an individual that was then carried in the papers. It could also be just a rumor or empty threat."

According to Tjipto, APKINDO once had 142 Korean partner companies that imported and distributed Indonesian plywood. Of that number, we sought the good ones and narrowed them down to 18. Of the 18 companies, APKINDO decided to choose four as distributors of Indonesian plywood.

"They (the 14 companies not selected) were importers, but they have not been reappointed. Because they were left out, they made a 'move,'" Tjipto said, offering a guess as to the reason for the boycott.

* Golkar Urges Government, Private Help for Poor

94SE0226B Jakarta KOMPAS in Indonesian 8 Aug 94 pp 1, 13

[Text] The Golkar [Functional Group] DPP will ask BUMN's [state-owned enterprises] and the private sector to participate in helping people in poor areas. This will be in addition to the Backward Village Presidential Instruction (IDT) program now being expanded by the government. Golkar DPP General Chairman Harmoko said this on Saturday, 6 August, at Pacitan, East Java, in a dialogue with poor people in Jetis Kidul Village, Arjosari Subdistrict. In addition, he instructed Golkar cadres to support the IDT program.

The poor people with whom Harmoko met in Jetis Kidul were some of the 66 families needing immediate help. Of those, there are 15 families whose incomes are truly uncertain. If there is any income, it is only 2,000 rupiah per day at most. The Golkar general chairman helped them with one ton of rice and some goats to be raised for the good of all.

The Pacitan area is an unproductive area that had a per capita income of only just over 442 rupiah in 1993-94, whereas the PAD (regionally derived income) was about 1.3 billion rupiah. Unlike his practice on previous visits, on his visit to Pacitan, Harmoko chose to spend the night with a resident of Sumberhardjo Village rather than at a hotel or an official district residence. He said he did this in order to understand the aspirations of the community as far as possible. For that purpose also, the Golkar general chairman has instructed all members of the Development Function Faction (FKP) in the DPR [Parliament] and in the first and second level regions to visit the areas they represent often and to stay at the homes of subdistrict or village commissioners.

"We served him fried cassava, boiled beans, steamed bananas, and rice flour pancakes. He asked a lot of questions about our family, conditions in the village, and all kinds of things," said Yakub and his wife, Sartinah, residents of 8 Gunung Tukung Road and owners of the house. Harmoko put on a sarong and rose by 0400 for early morning prayers with the local community.

Harmoko noted that only by closeness to the community and ability to comprehend and by developing programs that touch the interests and life of the community will Golkar always have the confidence of the people and be able to win elections as a sole majority. In his visit to East Java from Friday, 5 August, until Sunday, 7 August, Harmoko, who was accompanied by Golkar DPP Secretary-General Ary Mardjono, among others, visited Ponorogo, Madiun, and Magetan in addition to Pacitan.

In face-to-face meetings with Golkar cadres and functionaries in the areas he visited, the Golkar general chairman stressed that in programs to serve the interests of the nation Golkar does not emphasize only the continuity and progression of national development, but Golkar also conducts renewal according to current demands and developments. In performing such renewal, Golkar always adheres to the principles of Pancasila [ideology of the Indonesian state] and the 1945 Constitution.

He said Golkar realizes that the Indonesian people long that their needs and lives be fulfilled, both physically and spiritually. Therefore, Golkar always seeks the development of a national viewpoint, which is consistent with the doctrine of functional work and service. To that end, he added, the Golkar program must always touch the aspirations and interests of the people.

He also said that Golkar cadres should not be snared by ideas and values that are contrary to Pancasila. Besides implementing Pancasila as its sole principle, Golkar must also make Pancasila the soul of national development. He said that in applying Pancasila values to national development, there is a connection with healthy, firm, and dynamic conditions of national stability. Therefore, it must be understood that national stability is an inseparable part of the Development Trilogy, which is the main requirement for the growth of quality in Pancasila Democracy, as well as for the continuity, progression, and success of national development.

Laos

Outcome of Meeting with Thai Commission Cited

BK2009103894 Vientiane KPL in English 0921 GMT 20 Sep 94

[Text] Vientiane, September 20 (KPL)—Laos and Thailand have agreed upon setting up consular missions or general consulates in each other's country.

The agreement was reached at the meeting of the Lao-Thai and Thai-Lao Cooperation Commissions in Bangkok, Thailand, between September 15-17, 1994, co-chaired by the foreign ministers of Laos and Thailand, Somsavat Lengsavat and Prasong Sunsiri, respectively.

The meeting reviewed the implementation of the bilateral cooperation in political, economic, cultural, social affairs and tourism, especially the cooperation in border security keeping, narcotic drug prevention and suppression, hydropower production, trade, investment, banking and others.

Both sides also discussed new guidelines on strengthening cooperation in education, public health, taxation, and exempted double taxation.

The two foreign ministers signed the minutes of the meeting. They expressed pleasure to see the relationship between the two neighbouring countries, in both state and private sectors, develop in all spheres over the past one year. The high point in the relations was the official visit to the Lao PDR [People's Democratic Republic] by Their Majesties the King and Queen of Thailand on April 8-9, 1994.

The two foreign ministers also expressed satisfaction over the outcome of this fourth meeting.

The meeting agreed to step up the cooperation between the two countries and people at regional, national and local levels.

* PRC Pharmaceutical Factory Assists Lao Army

94SE0209B Vientiane KONGTHAP PASASON LAO in Lao 22 Jun 94 p 2

[Report by S. Phouangdokson: "The Lao-Chinese Drug Company Will Begin To Operate Its Machinery at the End of August"]

[Text] The Lao-Chinese Xing Ya Company Ltd. is a joint venture between the Xing Xing Company of the PLA's [People's Liberation Army] Quartermaster General Department and Drug Factory No. 104 of the LPA's [Lao People's Army] Quartermaster General Department. They are cooperating to produce [van] medicine for our entire army and for domestic and foreign markets. At present the work to renovate and build buildings and landscape the site is proceeding quickly; it is about 95 percent completed.

Mr. Long Tung Yiam, the general director of the Xing Ya Company, informed KONGTHAP PASASON LAO correspondents that: "With regard to this cooperative venture, the Chinese side has been holding talks with the Lao side since December of last year. In addition, Chinese cadres have been in Vientiane since October and have been working with Lao cadres. Their primary goal is to set up the Lao-Chinese Xing Ya Company. The initial task was to build a factory according to the company's plans. The construction has included a factory and warehouse, a dormitory for cadres, a parking lot, a room for electrical equipment, a room for ventilation equipment, landscaping the factory area, and setting up the equipment. This will all be completed by the end of June."

Regarding the investment required for construction of the factory, the Lao side was to provide the fixed investment of U.S.$400,000. This was primarily land and a number of old buildings. The Chinese side was to invest $440,000, which was to be used to renovate and build buildings and install production equipment.

The general director told correspondents that: "If there are no problems, it is expected that at the beginning of August 1994 the company will be able to begin production. There is still the important step of checking over the old machinery and the Lao cadres who used to work in the factory. At present the Chinese side is beginning technical training for the Lao employees who will work in the company. During the initial period or, as it is called, plan one, the company will aim at producing pills and capsules according to plan. It is estimated that it will be able to produce 210 million pills and 65 million capsules per year. When the first production plan is underway, the company will begin the second plan which will aim at producing serum and medicine to be injected. Plan two is still being discussed. It is expected to require investment of $300,000 to $500,000."

The director general said in closing that: "The Xing Xing Company produces high-quality pharmaceuticals in China. In a short time these high-quality drugs will reach Laos. The primary goal of the company is to provide [van] medicine for the entire LPA according to plan. In addition, medicine will be supplied to the markets in this country and neighboring countries." This cooperation is a symbol of the friendly relations between the two armies of Laos and China, which have a long tradition.

Philippines

President Ramos Welcomes U.S.-Haiti Agreement

BK2009040194 Quezon City Radio Filipinas in English 0230 GMT 20 Sep 94

[Text] President Ramos welcomes the announcement of U.S. President Bill Clinton that the United States has reached a last-minute agreement with Haiti's de facto leaders for them to give up power. The agreement was reached just as the U.S. military machine is going into action for the Haitian invasion.

President Ramos says he is glad that peaceful dialogue was given another chance and that possible bloodshed has been avoided. The president also says he is thankful that the de facto leaders of Haiti had listened to reason and to the collective voice of the nations of the world.

President Interviewed on Political Ambitions

MS1709103694 London FINANCIAL TIMES in English 17 Sep 94 p XXII

[Report on interview with Philippines President Fidel Ramos by Christian Tyler in Paris, date not given; from the "Weekend" supplement]

[Text] Like so many successful career soldiers, Fidel Ramos is a small man. He was sitting behind an enormous desk in the Hotel de Crillon in Paris this week gently mashing an unlit cigar.

"Can I offer you a cigar?" he said.

Thank you—I've given them up.

"I have too. But I have to promote our best export product, you see, and this is one way of eliciting interest." He smiled benignly.

When the head of a turbulent country like the Philippines feels secure enough to take an extended business tour of Europe, things have surely changed.

Ramos is a large part of the reason for that change. A former enforcer for Ferdinand Marcos, his second cousin, he led the "people's power" revolution against the Marcos dictatorship in 1986 and quashed seven attempted coups to protect successor Cory Aquino before running for the presidency himself.

For the last nine days Ramos has been travelling with a large retinue between Rome, Madrid, Paris, Brussels and Frankfurt to confirm his democratic credentials and trumpet his country's newly-acquired stability and economic growth. Long famous for its poverty, civil turmoil, crony capitalism, foreign indebtedness, tax evasion and bureaucratic corruption, the Philippines is now being hailed as the latest addition to Asia's economic tigers.

Ramos himself is credited with pacifying or neutralising the Communist, Muslim and far-right military rebels. He even claims to have pacified the Catholic Church to which 85 per cent of the 66 million Filipinos belong. Church leaders—including the outspoken Cardinal Jaime Sin—attacked his government's birth control programme as an invitation to vice and sexual perversion.

A Methodist who keeps a statue of the Madonna in his office, Ramos on this tour enjoyed a private audience with the Pope. They met as the Vatican was fighting its corner at the UN conference on population control in Cairo, so I asked Ramos if they had discussed family planning and artificial contraception.

"To tell you frankly, the Holy Father and I have been exchanging letters since early May. I pointed out in my letters that in the Philippines the family is considered as the basic social unit, the very key to the survival of the nation."

There was no disagreement on principles, he added. "The freedom of conscience, we say in government, is the basic freedom which we protect. It's up to married couples to determine what kind of life they would like to have for themselves and for their children."

Is the church too powerful?

"It's a matter of opinion, I guess. But if you look at the recent election, the Catholic Church, as far as I can see, did not try and impose its collective authority in favour of any candidate or set of candidates."

What are your relations with Cardinal Sin like?

"Very good. I kid him all the time because for the last seven or eight years I have been attending his birthday parties, on his invitation. We both belong to the class of 1928—we were born the same year."

Ramos's former jobs as head of the feared paramilitary police and national police under Marcos seem to have been forgiven him as he pursues economic success under democratic rule, a rare combination for Asia.

You grew up in an authoritarian regime, I said. How can you satisfy people that you will not one day want to seek more power to drive your programme through?

"I think you must understand that being in the military as a career does not make a dictator, per se," he said. "We couldn't stand the dictatorship. That's why we got together with the people and Mrs Aquino and many other military professionals to throw out the dictator. The record is there and can speak for itself.

"So what are we guaranteeing to the western investor? A government that is very stable, democratic, predictable, transparent, continuous."

They call you "Steady Eddie", I said. Some would say you are going too slowly, too cautiously.

"You have to judge the performance by the result. What is important for me is to start properly. There are some critics who think I should be charging all over the place on a white horse, which is the usual dramatics of Philippine politics. But I am different.

"We have seen how Philippine politics in the traditional pattern have failed. They have not provided for the livelihood of the people. It was basically an oligarchy and there was a mistaken idea that there must be drama, charisma, fire and a lot of special effects taking place, forgetting that you must first put in the fundamentals. And this is what I have done." He cited the end of power cuts as an example.

Ramos has never been accused of flamboyance. But on his birthday he used to enjoy parachuting into the party—one year he descended with a crate of beer, another with a live goat for the barbecue.

If you are calm and steady, I said, is that due to your military training, your Methodist upbringing?

"No, it's because of me. All of those things impacted on the making of me. But I would give credit to discipline, specially self-discipline. You don't have to go to military school to learn that. But going through an institution like West Point helps." (He won a place at the tough US military academy against 400 of his countrymen.)

"I have also seen the best and the worst in Philippine society, precisely because this was the nature of my military career. As a military man, very early on, I saw that poverty, injustice in the Philippines was not to be solved by military means but by the removal of the root causes."

Ramos, born in Pangasinan in the north of the country, describes his background as middle-class but not wealthy. His father was a reporter who became a congressman, ambassador and foreign secretary. His mother was a public school teacher "very charming, a very effective campaigner who was loved by ordinary people because she knew how to relate to them". A younger sister, Letty, went into politics before him and is the country's second-ranking senator.

The president and his wife Amelita "Ming" Martinez have five daughters, one of whom, on holiday from Hong Kong, was sitting among the officials in the room as he spoke. I forebore, therefore, to ask Ramos about the allegation in a Manila newspaper last year—not apparently so far denied—that behind him is a powerful mistress. When I asked a senior aide about it afterwards he smiled ambiguously and said: "Maybe it was a long time ago."

The soldier-president, sometimes likened to General Eisenhower, says he has all his life been affected by the devastation of war—first as a boy during the second world war, then as a combat soldier in the Korean War, later as a fighter of his own country's insurgents.

In Vietnam, he headed a non-combatant unit sent in to repair roads and bridges and distribute medical relief. Civic action, a military form of community help, had been an important theme of his life, he said, and his overall responsibility as a former deputy chief of staff. Later, under Cory Aquino, he was put in charge of relief operations for the huge earthquake of 1990.

When did you start having presidential ambitions?

"After seeing that the economic empowerment of the people had not yet been put in place towards the end of President Aquino's term, I decided to go for it.

"By that time I had helped Mrs Aquino overcome seven coup attempts against her government and I felt the economic setbacks resulting from these upheavals, and then the terrible natural disasters (the earthquake, followed by the eruption of Mt Pinatubo and a succession of typhoons) convinced me that someone who knew how to do it must take over. Another factor you might say that convinced me to go for it was the clamour of people that were with me during the people power revolution who did not see much improvement over the years that followed. They said I must finish the unfinished revolution."

In getting to the top were you lucky or clever?

"It's not because of religion, or schooling," he repeated. "I am saying it's because of me. That's the way I was made."

When I asked him what he read he mentioned Alvin Toffler, Paul Kennedy, and John Naisbitt of "Megatrends" fame.

"I do read a lot and I write a lot, in the sense of writing my own stuff—speeches for instance. I'm happy to give you some samples later on." He held up some notes.

My time was up, but President Ramos allowed one more question. So I mentioned the thousands of Filipino women who do menial work in Europe and the Middle East, often to support children they have left behind, and often exploited in the process.

Are their remittances a welcome feature of the economy, I asked, or is their presence an embarrassment to you?

"No, we are just practical about this. The jobs are here but we are generating jobs now in the Philippines so that we can keep many of our nationals at home. But this will take time." Ramos pointed to the doubling, to more than 5 per cent, of GNP growth in the first half of this year. "We are optimistic that the creation of jobs will happen."

I got up to leave and the president, who had been busily writing in a book, handed the volume to me across the wide desk. "You might find this interesting, too," he said. It was a colour magazine with a picture of a man scuba diving among wrecks.

When I got outside among the throng of protocol and security men, the smiling attache pointed to the caption. The scuba diver was unflamboyant Steady Eddie himself.

Thailand

Editorial Discusses 'Soft Invasion' of Haiti

BK2009063294 Bangkok THE NATION in English 20 Sep 94 p A6

[Editorial: "Work To Be Done in Haiti"]

[Text] With a 20,000 man-US invasion force heading towards them, Haiti's ruling junta sensibly agreed to step aside late on Sunday night and make way for the return of Jean-Bertrand Aristide, the popularly elected president they ousted three years ago.

The backdown was a relief to many, not least of all to the Haitian civilians hunkering under their dining tables and US President Bill Clinton whose presidency could ill afford the loss of American lives on what many of his countrymen considered an ill-advised foreign policy adventure.

Obviously, using the threat of immense fire power isn't the preferred method for installing democratically chosen leaders in any country. And while it would be nice to think the apparent end of Cedras and his thug generals would justify the means, much more will needed to be done in Haiti before Clinton's brinkmanship can be considered a success.

First, Washington must lay the foundations for lasting democratic rule. This certainly won't be easy in a country with a history that has known little in the way of democracy but much of the bloody politics favoured by its long line of tin-pot despots.

The return of Aristide, however, will be a good start.

Before he was overthrown in 1991, the charismatic priest had promised to give his Caribbean country's impoverished masses a voice and economic justice and vowed to prosecute corrupt officials and remnants of the Duvaliers and their dreaded Tonton Macoutes militia. He tried to restructure Haiti's economy so that it no longer ran on corruption, and raised the minimum wage from $2.30 a day to $4.

In the lead up to the threatened invasion, some US politicians questioned Aristide's democratic credentials, branding him a hot- headed demagogue who could not be a practical and effective head of state.

But Aristide has won over many of his earlier critics, showing a capacity for conciliation and pragmatism. Most significantly, the slight, bespectacled president has also pledged that he will not run for re-election in the country's next presidential polls scheduled for December 1995.

According to NEWSWEEK magazine, Washington has already drafted a plan to deal with Haiti's most persistent problem—the troublesome and coup-prone military. Part of this plan includes millions of dollars to provide demobilized officers with pensions, new jobs and other "reintegration" assistance. In between propping up Haitian dictators, the United States has attempted to revamp the military several times in the past but with little success. One can only hope that this time the lessons of history can be learnt, the military depoliticized and members of the often vicious militias be found more gainful employment.

What is most interesting to the rest of the world, though, is what kind of precedent Clinton has set with his soft invasion. The answer is probably not one at all.

In the politically-charged debate that surrounded Clinton's determination to push ahead with an invasion, the president was cast as confused and out of his depth in dealing with foreign policy crises and defining America's role in the post Cold War era. But Clinton is not alone. About the only thing that is for sure in this new era is that history and statecraft have once again become complicated.

It is interesting to note how far the international debate has moved since President Bush pushed the world into the Gulf War. At the time, there was little talk of oil or strategic links—even if it was of course a deciding factor. Rather the rallying cry was how in this new era the world could not tolerate such shows of aggression and breaches of national sovereignty as those committed by Iraq's Saddam Hussein.

Three years later and talk of geopolitical threats has returned. The United Nations, which many had put their faith in to lead the world into a golden age of peace, has shown itself weak and vulnerable to the arm twisting of the major powers.

What has most become apparent in this latest episode is that small powers like Haiti basically matter to no one. It is hard not to be cynical and think the US president was acting merely to boost his popularity. Aside from a flow of refugees, Haiti, as numerous polls showed, is of little consequence to the state of affairs in the United States.

In the wake of the Haiti incident, it would seem the world's tyrants have little to fear from the new world order.

Reportage on Visit by Malaysian Deputy Premier

Chuan, Anwar Discusses Cooperation

BK1909152994 Bangkok Radio Thailand Network in Thai 1200 GMT 19 Sep 94

[Text] Malaysian Deputy Prime Minister and Finance Minister Datuk Sri Anwar Ibrahim, accompanied by Deputy Prime Minister Suphachai Phanitchaphak, paid a courtesy call on Prime Minister Chuan Likphai at Government House this afternoon. The Malaysian deputy prime minister is visiting Thailand as guest of the Thai deputy prime minister from 19 to 20 September.

The Malaysian deputy prime minister and the Thai prime minister exchanged views on progress of cooperation projects within the region, which received full attention and support from the leaders and private sectors of concerned countries, particularly the Growth Triangle economic cooperation program of Thailand, Malaysia, and Indonesia. The Malaysian deputy prime minister admitted that there has been a little delay in implementing certain projects under the agreement on the part of Malaysia, but he said Malaysia will try to speed up this work. Thailand and Malaysia share a common stand on economic cooperation in the region under the framework of APEC [Asia-Pacific Economic Cooperation], AFTA [Asean Free Trade Area], and EAEC [East Asia Economic Causus]. Malaysia is pleased with the role played by the Thai prime minister and government on this matter.

The Malaysian deputy prime minister reported developments in Malaysia concerning the issue of the al-Arqam group. He said the detention of the al-Arqam leader would be only temporary. He described the measures taken as peaceful in general. Prime Minister Chuan said the Thai Government gives full freedom to all people concerning religious belief as long as there is no violation of the law. He said the al-Arqam issue is considered an internal affairs of Malaysia, and he expressed the hope that it would be settled in a positive manner.

Countries Satisfied With Ties

BK1909144494 Kuala Lumpur Radio Malaysia Network in English 1300 GMT 19 Sep 94

[Text] Malaysia and Thailand are satisfied with their close ties and will intensify efforts to resolve any problems which crop up in order to enhance cooperation. The sentiment was expressed by Deputy Prime Minister Datuk Sri Anwar Ibrahim and top Thai leaders whom he met today. He is on a familiarization visit to Bangkok.

Anwar, who arrived in the Thai capital this morning, held discussions with his Thai counterpart, Dr. Supachai Phanitchaphak, and called on Prime Minister Chuan Likphai at the Government House.

Foreign Ministry deputy secretary general 1, Datuk Abdul Halim Ali, said it was obvious that both sides were very satisfied with the existing level of bilateral ties. There are no major problems facing the two countries except ordinary ones like difficulties in border demarcation which will be overcome as soon as possible.

Both sides agreed that efforts be stepped up to hasten the implementation of agreements signed under the Indonesia-Malaysia-Thailand Growth Triangle development concept. Halim said the possibility of Malaysia supplying electricity to Southern Thailand was raised and there would be follow-up action. Thailand has also shown interest to get gas supply from Malaysia and this needs to be studied by the Malaysian Government.

Suphachai, Anwar Discuss APEC

BK2009101194 Bangkok BANGKOK POST in English 20 Sep 94 p 28

[Text] Malaysia sees that a fast pace being set to institutionalise the Asia-Pacific Economic Cooperation (APEC) could be harmful, according to Deputy Prime Minister Suphachai Phanitchaphak. Malaysia does not agree APEC should speed up institutionalisation too fast as internal problems of member countries have to be settled first.

Dr Suphachai said he discussed APEC with Malaysian Deputy Prime Minister Datuk Sri Anwar Ibrahim yesterday at the Prime Minister's office.

Mr Anwar said possible mishaps could crop up if APEC hurries to form itself as an institution, said Dr Suphachai.

Meanwhile, the Eminent Persons Group (EPG) is undertaking a study into APEC's direction. The study will be submitted during the APEC meeting in Bogor, Indonesia in November. In principle, Dr Suphachai said Malaysia wants AFTA [ASEAN Free Trade Area] to cooperate closely with other economic blocs such as the North America Free Trade Area (NAFTA) and APEC. But timing is important, he said.

Regarding the East Asia Economic Caucus (EAEC) direction, Dr Suphachai said Thailand has proposed EAEC focus on economic development, transportation, and energy rather than trade to avoid conflict with the US and Japan.

The Malaysian deputy prime minister will try to push through Thailand's proposal to open the border for another four hours for overseas transportation.

Deputy Prime Minister Meets Cambodian Minister

BK1909152394 Bangkok Radio Thailand Network in Thai 1200 GMT 19 Sep 94

[Text] Deputy Prime Minister Banyat Banthatthan reported after a meeting with the Cambodian information minister at Government House today that they discussed policies of the two countries, especially about Thailand's policy toward Cambodia, which resulted in a better understanding between the two countries. He said Cambodia realized that Thailand is sincere in its relations with Cambodia. He said the Thai Government emphasized to Cambodia that the two countries share a common border, and therefore, Thailand also stands to benefit from peace within Cambodia. The money invested by Thai businessmen in Cambodia amounts to at least 10 billion baht. Those projects will help to expand cooperation.

Concerning the nine Thai suspects detained in Cambodia for involvement in a recent coup attempt in Cambodia, the Cambodian information minister noted that there had been positive developments on the issue after the Cambodian Government received a message from King Norodom Sihanouk. The deputy prime minister said that from today's discussion, he realized that the nine Thais remain under detention because Cambodia wants to elicit more information from them. He expressed confidence that the nine will be released and allowed to return to Thailand soon.

Official Meets Cambodian Information Minister

BK1909150794 Bangkok Voice of Free Asia in Thai 1030 GMT 19 Sep 94

[Text] Cambodian Information Minister Ieng Muli and Information Ministry Spokesman Sieng Lapresse, who are on a visit to Thailand, met Sarot Chawanawirat, deputy permanent secretary of the Foreign Ministry, at the ministry at 1130 today for an official discussion. Topics discussed include bilateral relations, the Thais detained in Cambodia, and the Khmer Rouge.

On bilateral relations, the Cambodian information minister sought help from Thailand in training of Cambodian officials in mine clearing inside Cambodia. Cambodia needs help in terms of equipment and personnel. Thailand asked for details from Cambodia concerning the areas and timeframe for training on demining. Thailand also offered 50 scholarships to Cambodian students.

About the Thais who are being detained in Cambodia on charges of involvement in a coup plot, the Cambodian information minister said that Cambodia is trying to complete the trial as soon as possible, but there are still some problems regarding legal provisions, and therefore, the case will take a little more time.

The deputy permanent secretary explained to Cambodia that this is a sensitive issue for the Thai people who believed that those men could be deceived into participating in the plot since there has been no evidence to clearly prove that they were involved in the coup attempt in Cambodia. The permanent secretary also pointed out that Cambodia's proposal to send its officials to question Thai suspects in Thailand is also a sensitive issue. The Cambodian minister took note and pledged that he would relay this message to the Cambodian Government and concerned authorities.

Concerning the issue of the Khmer Rouge, the Cambodian information minister expressed satisfaction over Thailand's attitude of not supporting the Khmer Rouge. He confirmed the Cambodian Government's policy not to spend heavily on the military budget to suppress the Khmer Rouge. He emphasized the policy of the Cambodian Government to push for national development and eradication of poverty, which, he said, will automatically bring an end to the Khmer Rouge. The Thai Foreign Ministry's deputy permanent secretary agreed with this view. He also praised the Cambodian Government's determination to concentrate on national development. He also emphasized Thailand's wishes to see an end to the fighting in Cambodia because of the fact that Cambodian stability will benefit the development of the region as a whole.

Investors Map Post-NAFTA Production Strategies

BK2009094594 Bangkok THE NATION in English 20 Sep 94 p B2

[Report by Chiraphon Chaiyasan]

[Text] Thai investors will have to consider moving production of textile industries and eventually electronic goods to Mexico in order to get access to the North American markets as the North American Free Trade Agreement (Nafta) starts to effect the competitiveness of Thai exports to the United States and Canada.

Speaking at the seminar 'Trade and Investment Opportunities in Latin America'—attended by representatives from major Thai trading partners including Brazil, Mexico, Argentina, and Chile—Professor Somchai Phakkaphakwiwat of Thammasat University, said with Mexico being part of Nafta and having access to major markets like the US, in five years Thailand will lose competitiveness in industries like textiles to Mexico and other major Latin American countries if Nafta expands beyond Mexico.

Meanwhile, Jorge Navarro Lucio, deputy chief of mission from the Embassy of Mexico, has urged Thai investors to take advantage of Nafta by entering joint ventures with Mexico in order to gain access to the US market.

Asian investors from Japan, Taiwan, and South Korea have already begun manufacturing goods ranging from TV sets to computer keyboards or export to the US.

"Mexico is the solution to survival for Thai businesses being affected by Nafta, and Thai investors should find ways to join with Mexico," the Mexican representative said.

Under the Nafta agreement beginning last January, all trade and tariff barriers on industrial goods and services between Canada, United States and Mexico, are to be lifted.

For Thailand, Nafta represents both a threat and an opportunity, and in the short-term, the impact is on textile industries, canned seafood footwear and electronic and electrical goods. All are major items of export to the US.

Currently, Thailand still faces barriers to the US market from the imposition of quotas and other trade measures such as 301, leaving Mexico with a comparative advantage as it faces no such barriers under the North American agreement.

Mexico has been promoting foreign investment by opening over 70 per cent of businesses for 100 per cent foreign ownership. Charoen Phokkhaphan Group has invested in shrimp farming in Mexico. While trying to cope with high inflation rates, other Latin American countries such as Brazil and Chile are undergoing economic liberalization and are opening up to foreign investments.

Brazil, being the largest Latin American trading partner with Thailand, last year enjoyed trade surplus of Bt [Thai baht] 7.6 billion with total trade worth over Bt8.6 billion.

Thailand last year gained a trade surplus of more than US$28 million (Bt700 million) over Mexico.

Ralph Peter Henderson, a representative from Brazil said, "With the recent restructure of the country's economy, Brazil is in the exploratory phase for foreign investment, especially for Asian investors."

Country Prepared To Implement APEC Policies

BK2009101894 Bangkok BANGKOK POST in English 20 Sep 94 p 18

[Text] Thailand is ready to implement free trade policies in line with the Asia Pacific Economic Cooperation (APEC) group's vision which will take effect in 2000, according to a Finance Ministry source. The APEC vision of free trade is expected to be fully fledged by 2020. The source said that until now, Thailand had not determined a stance on the proposal of the APEC Eminent Persons' Group (EPG) on trade liberalisation. The proposal will be submitted at an APEC leaders' meeting in Jakarta on November 15.

The EPG consists of representatives from 18 Pacific-rim countries and functions as a working group to steer APEC's direction.

Agencies in Thailand will arrange a meeting to review Thailand's stance before the leadership meeting takes place.

The source said Thailand, fast becoming a newly industrialised country, could accommodate the free trade proposal. He said the country had enough time to prepare before free trade takes effect.

Under the liberalisation scheme, the countries are grouped under their development levels. On the EPG's recommendations, countries like the US, Japan and Canada have to liberalise trade in 10 years.

Developing economies like Thailand and Malaysia have to open up free trade in 15 years and trade liberalisation in less developing economies will take effect in 20 years.

The source said the opening up of free trade was proposed during the APEC senior officials' meeting, which acknowledged the report without any voting. The source said the EPG proposal could be turned down by the APEC representative from China, which meant it would be rejected without a unanimous vote.

It is possible that there will be a negotiation between the US who backs the proposal and China who are against it, he said.

The US may offer China support to become a member of GATT, while China will endorse APEC's free trade scheme. The US has to liberalise its trade system by 2010. Therefore, developing and less developed economies will stand to gain for at least 5-10 years before they liberalise their trade towards the US. The source said the Indonesian president had backed the EPG proposal. But Indonesian officials are uncertain about their country's direction. Twenty years would be insufficient for countries like Papua New Guinea to build up the strength to be on a level playing field with other players in the region, he said.

Singapore is the only ASEAN member that strongly backs the EPG proposal. Before the APEC leaders' meeting takes place, ASEAN will organise a meeting to determine the stance of the group, the source said.

The EPG will consider key issues such as human resource development, physical infrastructure development, ways to develop and strengthen small to medium-scale industries and appraise ways to forge cooperation among private firms in the APEC bloc.

The source added that the APEC meeting would consider the role of the current ad hoc committee which consists of senior officials. It is believed the ad hoc committee will be upgraded to an economic committee where the Minister of Finance will function as the country's representative.

Joint Meeting Held With Laos; Agreement Signed

BK1709125994 Bangkok BANGKOK POST in English 17 Sep 94 p 6

[Text] Thailand and Laos yesterday officially agreed to exchange consulate sites but the locations will be discussed further, according to Laotian Ambassador to Thailand Bounkeut Sangsomsak.

Mr Bounkeut earlier took part in preparatory discussions for the fourth Thai-Laotian Joint Commission meeting which Foreign Minister Prasong Sunsiri and Laotian Foreign Minister Somsavat Lengsavat co-chair.

The ambassador declined for diplomatic reasons to name the province in Thailand that Laos prefers for its consulate, saying that each side must put the issue to its cabinet.

According to a delegate source, Laos prefers Khon Kaen province but the Thais want the Laotian consulate to be in Nong Khai where the Thai-Lao Friendship Bridge is located. Thailand prefers its consulate to be in Savannakhet province of Laos.

The source said the Thai Government would let Laos establish their consulate in Khon Kaen on condition Laos stationed two officials in Nong Khai.

"The Laotian delegation seems to have agreed with the idea," he said.

Both sides yesterday also clearly defined vehicles which could be driven directly to Vientiane from the Friendship Bridge, said another delegate source. After the bridge was officially opened to the public by His Majesty the King on April 8, three kinds of vehicles from Thailand were allowed to go into the city. One category is "official cars".

In Thailand's understanding, the word covers all vehicles owned by state agencies. But the Laotians see it as covering any motorists who are to contact state agencies in Vientiane. The meeting agreed yesterday to accept Thailand's interpretation, the source said.

On economic matters, Thailand asked Laos to consider allowing the Petroleum Authority of Thailand (PTT) to open gas stations in Vientiane, said East Asian Affairs Department director-general Don Pramutwinai.

Mr Don quoted the Laotian delegation as saying it would put the proposal before the Board of Investment in Laos.

The director-general said the Laotian delegation also urged Thailand to speed up its assistance to improve and increase power distribution points in Laos.

Both sides agreed the Electricity Generating Authority of Thailand would help renovate two power stations—Mukdahan-Savannakhet and Nakhon Phanom-Tha Khek—and build five more stations at Bung Kan-Pak San, Chiang Khong-Houai Sai, Chiang Khan-Sannakham, Tha Li-Ken Thao and Pak Se-Pak Sapan.

"The projects have started but are not yet completed," Mr Don said.

The two countries will continue to select more private transport enterprises to expand transport of goods instead of having a monopoly by one company.

Laos would later give names of five more companies to Thailand to open up competition which would result in price cuts for goods transported to Laos, Mr Don said.

"That will make the total of 10 companies competing in transport services," he said. TLC Co Ltd now operates the service.

A delegate source said the only issue that could not progress was cultural cooperation because the Laotian government was concerned about Thai influence over its population.

"Thailand told the Laotian side that it has a certain amount set aside for future cultural cooperation. This is the first time the issue has been raised," said Foreign Ministry spokesman Suwit Simasakun.

Further on Cooperation Agreement

BK1709154894 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 17 Sep 94

[Text] The Thai and Lao foreign ministers signed an agreement today on mutual cooperation in solving problems between the two countries and on the expansion of relations in the political, economic, social, and cultural fields as well as tourism.

At the fourth meeting the Joint Thai-Lao Cooperation Committee hosted by the Thai Government, after extensive consultations and exchanges of views, Foreign Minister Squadron Leader Prasong Sunsiri and his Lao counterpart Somsavat Lengsavat signed an agreement on cooperation between the two countries. In this connection, Squadron Leader Prasong said that the existing problems between the two countries are the maintenance of peace and order along the common border, the repatriation of Lao refugees on a voluntary basis, the border dispute in the area of Chat Trakan District in Phitsanulok, and travel across the two countries' border.

The major points of the agreement signed today include the price of electricity Thailand buys from Namtheuan-Hinboun Dam in Laos, an increase of border crossing points as proposed by the Thai Government, and 35 million baht in gratis aid from the Thai Government for the improvement of communication routes in Laos.

Prasong, Lao Counterpart Meet

BK1809122094 Bangkok THE SUNDAY NATION in English 18 Sep 94 p A2

[Text] Thailand yesterday forged closer bilateral ties with Laos, with a promise of aid for that country in many areas, including transportation development and economic and technical training. However the border dispute between the two countries was left in the hands of the joint boundary committee. Both nations agreed to improve diplomatic ties by endorsing the establishment of a consul office in their respective countries as a first step.

Thailand and Laos made the agreement during a joint commission meeting in Bangkok, presided over by Thai Foreign Minister Prasong Sunsiri and his Laotian counterpart Somsavat Lengsavat.

According to a joint press statement, Thailand will give [baht] Bt35 million to improve the arterial transportation routes in Laos. The decision on which routes will be upgraded will lie with the Laotian authorities.

Vientiane has cited the poor state of its transportation routes as one reason it has been forced to bar vehicles from Thailand from crossing the border into Laos. Vehicles from Laos are able to reach Nong Khai province via the Thai-Laos Mittraphap bridge.

Apart from aid to facilitate the development of transportation routes, Bangkok will also continue to provide economic and technical training scholarships to Laos.

"In 1995, Thailand will provide 70 scholarships for university studies, 70 for training programmes and 30 for observation trips. The assistance will include education and public health materials. Both countries will also make long-term plans for cooperation," according to the press statement.

Also discussed at the meeting was Vientiane's proposal to purchase hydro-electricity from Thailand's dams. Thailand agreed to the proposal but will wait until its present electricity purchase contract with Laos expires before going ahead with the plan.

The meeting ended yesterday when a joint proposal that both countries meet to draft an extradition treaty as soon as possible was endorsed. The respective foreign ministries will discuss the provision of necessary assistance to those arrested in each other countries.

Vientiane will exempt diplomatic passport holders from having to apply for visas, while application for multiple-entry visas will be considered on a case by case basis.

The meeting further noted that negotiations on the border dispute over Ban Romklao village in Phitsanulok province should be completed as soon as possible. Joint technical teams have already visited the area five times.

Somsavat told reporters that Vientiane recognized the importance and necessity of an international bridge over the Mekong River to enhance cooperation between the countries.

"However our country wants to wait for the outcome of the first bridge, the Mittraphap bridge, linking Nongkhai with Vientiane. Both governments have not yet discussed the second bridge," Somsavat said.

Official Asks Mexico To Lift Trade Barriers

BK2009092194 Bangkok BANGKOK POST in English 20 Sep 94 p 28

[Text] Deputy Minister of Commerce Chaiyot Sasomsap has asked Mexico's Deputy Foreign Minister, Antonio de Icaza, to work on reducing trade barriers between the two countries. Mr de Icaza is on a visit to Thailand to lobby the Thai Government to support outgoing Mexican President Carlos Salina de Gortari as head of the World Trade Organisation (WTO). The WTO will choose one of four candidates from Brazil, Mexico, Italy and South Korea before January 1.

Mr Chaiyot said the Thai Government is considering the best candidate and will consult ASEAN before making a decision who it will vote for.

Mexico has banned the import of rice from Thailand and other Southeast Asian countries claiming the rice contained fungus. Thailand said the claim had damaged the reputation of Thai rice.

Mr Chaiyot said the US imported Thai rice and it should not be a problem for Mexico. Mexico stopped importing Thai rice last year after it had imported about 40,000-50,000 tons the previous year. He said Mr de Icaza will investigate the facts and consider Mexico's strict dumping rule which caused export problems for Thai goods such as shoes and garments. The value of trade between Thailand and Mexico is about US$100 million per year which gave Thailand a trade surplus in the past five years.

Interpol Predicts 'Greatest Exodus' From PRC

BK1809122894 Bangkok THE SUNDAY POST in English 18 Sep 94 p 2

[Text] The International Police Organisation (Interpol) predicts the "the greatest exodus" of people from mainland China to other parts of the world after Hong Kong returns to China in 1997.

Legal Affairs Division deputy commander Pol Col Amarin Niamsakun said the matter was raised at a recent Interpol conference in Paris, attended by 34 member countries. He said it was speculated that when Hong Kong returned to China, many Chinese would take the opportunity to use the territory as a route to leave for other countries.

People in China had already bought travel documents from Hong Kong Chinese in preparation for the migration, according to some sources, he said. Chinese had set up organisations in Hong Kong, Thailand and other countries to help trips by fellow Chinese to third countries. The work of these organisations included forgery of travel documents, Pol Col Amarin said.

"We should not look at overseas Chinese only in connection with crime. We should also realise that they have sympathy for fellow Chinese and there are now Chinese all over the world," he said.

In Thailand alone, more than 40,000 Chinese had come from the People's Republic as tourists but had never returned home, Pol Col Amarin said.

He said Interpol would hold a meeting of member countries soon in Italy to discuss the problem because the exodus in 1997, if it eventuated, would cause problems for countries worldwide.

Chamlong Reelected Phalang Tham Party Leader

BK1709154094 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 17 Sep 94

[Excerpt] Major General Chamlong Simuang was reelected leader of the Phalang Tham Party at today's party general meeting. Mrs. Sudarat Keyuraphan was elected party secretary general.

The special party meeting, held at De Ville Palace Hotel, began at 0930 today. There were five major topics on the agenda, including the election of new Executive Board members and the election of the new party leader, which was contested by former party leader Maj. Gen. Chamlong Simuang and Bangkok MP At-ong Chumsai Na Ayutthaya. Maj. Gen. Chamlong was elected party leader with 137 votes while At-ong received 7 votes out of 160 eligible voters.

After the election of the party leader, Squadron Leader Prasong Sunsiri, deputy party leader and foreign minister, said the election was held in good faith and there were no conflicts among members. At-ong Chumsai said he was happy that Maj. Gen. Chamlong was reelected party leader. He said he will continue in his capacity as party member and MP and will not withdraw from the party. [passage omitted]

On-Line Services Using Phone Lines Said Illegal

BK2009114294 Bangkok THE NATION in English 20 Sep 94 p F2

[Text] An informed source in the Telephone Organization of Thailand (TOT) confirmed last week that all company and electronic bulletin board systems (BBSs) that were using TOT's telephone lines for communication had done so illegally since they did not receive concessions from TOT.

The move followed words from a senior Lines Technology executive that TOT is preparing measures to deal with all on-line services that use TOT's telephone lines to conduct their business. Lines Technology claimed that such services violate the agreement between itself and TOT to provide Videotex service in Thailand.

A source in TOT said Lines Technology recently announced that it would shut down information providers that use a modem to provide an information service like the telebanking system, publishing firms that provide news through a modem, and even people that use a modem at home to communicate for general purposes. He said the accusation also affects the service provided by Datanet, a subsidiary of Chinnawat despite the fact that they already have a concession from TOT.

In addition, Lines Technology announced that it will use its contract with TOT to force the information companies to subscribe only to its own service called Comline. But Datanet already has 8 concession from TOT to provide information through the VDM [expansion unknown] system. He said Datanet's service should be separate from other companies.

The telebanking service which uses a modem to provide on-line stock information or to get an account balance, is not a competitor with Comline because it is provided free of charge for bank customers.

Somkiat Sudahewa, senior vice president of the credit card department of Thai Farmers Bank, said the bank started the telebanking service many years ago and many other banks also provide this service for their customers, so if this service via telephone lines is illegal, it might be a big problem for TOT. He said he is now waiting for confirmation from TOT.

The source said those organisations that provide information on international trade, news and stocks could also be considered illegal businesses. However, if there is a lawsuit against those firms, modem users nationwide could be considered illegal. The number of modem users is fast increasing and it is difficult to determine which information providers are illegal.

The source said using a telephone line for communication must be allowed by TOT, including using a device for data transmission like a modem. Also with the large number of modem users in the country it would be difficult for TOT to control the use of this device.

"It is TOT's fault because it has neglected to update its regulations. The rapid change of technology is too complex for the law to handle," he added.

TOT's law official said two weeks ago TOT had received Lines Technology's complaint of having an overlap of services provided by other information companies. Now, TOT's law division is considering the principle of the law and studying the details of the contracts.

TOT's law official said it would take two months to decide whether the services from the information companies are illegal or not. If those organizations are found to be offering an overlapping service to Lines Technology, TOT would send them a warning letter and explanation.

Datanet's official said Datanet's service was a legal concession from TOT but Lines Technology's announcement has frightened Datanet's customers, and TOT will be responsible for the outcome by sending its recommendations to Datanet's customers.

Dutsadi Wipulakon, the managing director of International Trade Information (Thailand) Co Ltd (ITIC), an information company providing international trade information, said they were used by many government departments and they provide information through telephone lines but it does not overlap with the Videotex or Comline service from Lines Technology. He said if the company's service is illegal, Lines Technology should file a lawsuit against all modem users nationwide. He said the company is waiting for a decision by TOT.

As for another on-line business information service provider, Bisnews Agency, its Managing Director Chalathong Pathamaphong had this to say: Lines Technology could not force all modem users in Thailand to use Comline because they did not get a concession for every on-line service through TOT's telephone lines. Comline service was only one part of telephone line services, not all services, therefore it could not insist modem users use it, he said.

He said if TOT takes action on modem users in Thailand, the first who would be affected is the Stock Market of Thailand, and it's impossible that TOT would do that.

"Some services which use telephone lines cannot be used through the Videotex service which uses a modem," he said. However, Chalathong explained that this issue did not affect its on-line services since the company had used a leased line service, Datanet service and Vsat service.

"We cannot use a modem in our service because it's an on-line real time service which cannot be interrupted. If we used a dial-up modem to service our customers, it would not be reliable," he said. He admitted however that the use of modems in Thailand has been illegal for a long time due to the telecommunications law which is out of date. It should be adjusted to follow the new technology's requirements.

Another comment from modem users is from the BBS use group. One BBS user said BBS users are less important to Lines Technology because they are a small group that use modems to exchange information. He added that though BBS members do not use modems for commercial purposes, Lines Technology's announcement has made all of the BBS members upset.

One of the members said that if Lines Technology shuts down BBS service he will not join the Comline service and will subscribe to the Internet service instead. He said this idea should be supported by the government, since it is useful for people, especially students, to have a chance to learn to communicate through modems and computer systems. They also have the benefit of connecting this service to libraries in other countries.

Another BBS user said the telephone lines of TOT should be owned by the public. He said it does not affect him too much because he joined BBS for fun. He added, "It's just like a kid with a new toy. Lines Technology just wants to get the customers of the other information companies by taking the law into its own hands."

Tin Conference Decides To Curb Production

BK2009092494 Bangkok THE NATION in English 20 Sep 94 p B3

[Report by Manirat Chitsamankun]

[Text] Eight tin-producing countries have agreed to curb tin output to lower the global surplus from 50,000 tonnes to 20,000 tonnes and also to find measures to deal with an oversupply of a further 48,000 tonnes which has resulted from the release of superpower countries' tin inventories.

Deputy premier Suphachai Phanitchapak, who presided over yesterday's opening of Association of Tin-Producing Countries (ATPC) conference, said the world tin market has been hard hit by a fall in the price of tin which is now only Bt[baht]136 per kg, compared with Bt145 early this year.

The price is expected to weaken further of the 8-country ATPC fails to control their output. ATPC members are Australia, Bolivia, China, Indonesia, Malaysia, Nigeria, Thailand, and Zaire. In the wake of the Cold War era, Russia and the US have released tin stock from their supplies to the world market, further depressing the price.

Suphachai said price stabilisation has failed because every time the price rises, output by member countries also rises to the point of oversupply. Only serious cooperation among member countries can help stabilize the market. He said Thailand has emerged as a major tin user and has imported from Australia, Bolivia, and China so it is in a better position to compromise in the interests of both producer and user countries.

The ATPC meeting will also decide if the International Tin Research Institute should be privatized because it needs annual funding of Bt80 million.

The two-day ATPC meeting will also encourage producer countries which are not yet members, such as Brazil, Nigeria, Peru, Portugal, United Kingdom and Vietnam, to join the association to help improve the effectiveness of price stabilization.

ATPC members currently produce 70 per cent of total world output. They have agreed to seek support from Washington in stabilizing world tin prices by reducing releases of stock from US supplies. The US is not a producer country but the world's biggest market for the metal.

Pricha Atthawiphat, director-general of the Department of Mineral Resources, said Thailand has suffered considerably from the slump in the world tin market. Of the 700 tin mines previously in southern Thailand, there are now only 30 left because of heavy operating losses.

Meanwhile, tin consumption in Thailand has risen from an annual 2,000 tonnes 4 years ago to more than 5,000 tonnes at present.

Vietnam

* Border Official Defines Territorial Waters

942E0091A Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese Jul 94 pp 10-15

[Article by Huynh Minh Chinh of the Government Frontier Committee: "The Vietnamese Continental Shelf"]

[Excerpts] Nowadays, the notions of "continental shelf" and "Vietnamese continental shelf" have become familiar to everybody. However, not all problems relating to the extent and legal status of continental shelf are fully understood: What is a continental shelf? How is a continental shelf determined? Is a continental shelf the territory of a littoral state? What interests and rights does a nation have in its continental shelf? Why is it called Vietnamese continental shelf?...

In reality, compared to the notion of "territorial waters," which has a centuries-old history, the notion of "continental shelf" (in its legal sense) is only a decades-old child. [passage omitted]

The Vietnamese Continental Shelf

Vietnam is a littoral state stretching in a north-south direction along the western edge of the Eastern Sea; for this reason, it has a corresponding continental shelf.

After the 1958 Convention was signed, the Government of the Democratic Republic of Vietnam, having to concentrate on the struggle against the United States and its puppets to liberate the South, did not lay down concrete regulations concerning Vietnam's continental shelf.

In the South, in 1967 the Saigon Administration issued a statement of principle on the continental shelf of South Vietnam which was in the main based on the 1958 Convention. In 1971, the Saigon Administration made public a chart showing the division of its continental shelf into lots open to bidding for oil and natural gas exploration and exploitation.

After the South was liberated and the country reunified, on 12 May 1977 our government, with the approval of the National Assembly Standing Committee, issued an historic statement on the territorial waters, the contiguous zone, the exclusive economic zone, and the continental shelf of Vietnam.

With regard to the continental shelf, the statement stipulated: "The continental shelf of the Socialist Republic of Vietnam comprises the seabed and subsoil in the natural extension of the Vietnamese mainland beyond the territorial waters of Vietnam and up to the outer limits of the continental margin. Wherever the outer limits of the continental margin are situated less than 200 nautical miles from the base line used to measure the width of Vietnam's territorial waters, the continental shelf there shall extend to 200 nautical miles from that base line.

"The Socialist Republic of Vietnam has complete sovereignty in the prospecting for and the exploration, protection, and management of all natural resources in the continental shelf of Vietnam including mineral, nonliving, and living resources of the kinds that settle in the continental shelf."

Vietnam's statement was issued on the basis of the results and progress achieved at the Third United Nations Conference on the Law of the Sea, which resulted in the adoption of the 1982 Convention on the Law of the Sea. Together with our government's 12 November 1982 Statement on the base line system used to measure the width of Vietnam's territorial waters, the 12 May 1977 Statement official determined for the first time the continental shelf of Vietnam and its sovereignty over the vast continental shelf of reunified Vietnam. The regulations laid down by Vietnam are totally in keeping with the standards and regulations of the 1982 UN Convention on the Law of the Sea. This is also a basis for our country to hold talks with the neighboring countries concerned to settle the problem of determining the boundaries of the continental shelf in overlapping areas in the spirit of "resolving the issues of sea areas and continental shelves of each side through negotiations on the basis of respect for each other's independence and sovereignty and in conformity with international law and practice."

We can see that Vietnam's stance on its continental shelf is correct and not only conforms with the stipulations of international law but also has a good-will character and contributes to peacefully settling potential disputes over the continental shelf with the countries concerned and preserving stability, peace, and development in the region and the world over. Along with the establishment of the Vietnamese continental shelf, several new issues have been posed for us in the study, exploration, utilization, exploitation, and management of the natural resources of a deep, offshore area on the seabed and in the subsoil to support national economic development, to protect the environment and natural resources of the sea, and, at the same time, to ensure the legal freedoms of other countries in the continental shelf in the common interests of the international community.

Recently, we have carried out numerous activities aimed at studying, exploring, exploiting, and protecting the natural resources of Vietnam's continental shelf, such as doing scientific research, prospecting for and extracting natural gas and oil and other minerals, setting up scientific research, economic, and service centers in the Vietnamese continental shelf, laying underground cables and pipelines....many of these activities have been conducted with foreign cooperation and assistance. In the future, activities in the Vietnamese continental shelf will take place in an increasingly lively and diversified manner.

At present, we are also holding talks with neighboring countries such as Indonesia and Thailand to settle the issue of delineating the continental shelf and with China in connection with the Gulf of Tonkin. We have reached agreement with Malaysia on cooperating to jointly exploit the overlapping area of the two countries' continental shelves in the Gulf of Thailand.

Regarding the so-called "Wan An Bei 21 Contract" signed between the China National Offshore Oil Company (CNOOC) and the Crestone Corporation

It is public knowledge that on 8 May 1992 CNOOC illegally signed with the Crestone Corporation a so-called "Contract for Oil and Natural Gas Prospecting" in the area of the Tu Chinh banks in Vietnam's continental shelf. Recently, on 18 April 1994, the Crestone Corporation blatantly announced that it will prospect for oil and natural gas in accordance with that "contract."

On the basis of international laws on continental shelf, one can see immediately the illegality of the signing of such a contract and of the conduct of prospecting activities in the Tu Chinh area.

First of all, the area of the Tu Chinh banks is composed only of banks and is not and island; it is located more than 50 nautical miles from the nearest island of the Truong Sa [Spratly] Archipelago and separated from the archipelago by a cleft approximately 2,000 meters deep, therefore it cannot be regarded as "dependent" on any island of the archipelago. This area lies in the extension of the south Vietnamese continental shelf; at its nearest point, it is only about 84 nautical miles from the base line of Vietnam, and at its fathest, less than 200 nautical miles. It is also situated less than 200 nautical miles from Vietnam's Phu Quy Island. Even if we calculated only from the shore, the distance at the farthest point of the Tu Chinh area would be only 260 nautical miles, much less than the maximum distance of 350 nautical miles. The depth of this area is under 2,000 meters, therefore it is not necessary to take into account the standard distance of 100 nautical miles from the 2,500-meter isobath as stipulated by the Convention. Besides, Vietnam's Phu Quy Island itself is fully qualified to has its own continental shelf encompassing the entire Tu Chinh area. According to the standards of geology, distance, and depth established by the 1982 Convention on the Law of the Sea, it can be clearly seen that this area is part of the Vietnamese continental shelf, and that this status is by no means dependent on any of the so-called actual or nominal appropriation or declaration of sovereignty, if any, by any other state. Looking at the map, one can see that this area is situated deep in the southern part of the Eastern Sea and is surrounded by various Southeast Asian countries such as the Philippines, Malaysia, Indonesia, and Vietnam. However, none of these countries has laid claim to the Tu Chinh area because they understand that, according to the International Law on the Seas, this area belongs to Vietnam.

Obviously, the Tu Chinh area is totally devoid of connection with China's territory and continental shelf. The area is located up to 600 nautical miles from mainland China, much farther than the standard maximum distance of 350 nautical miles from the base line stipulated by the International Law of the Sea; moreover, it is separated from mainland China by a vast oceanic cleft more than 4,000 meters deep.

The islands of the Truong Sa Archipelago are also not suitable for human settlement or for the development of a separate economic life, therefore they can not have a continental shelf of its own which could extended to cover the Tu Chinh area. Moreover, the sovereignty over the Truong Sa Archipelago belongs to Vietnam. Well aware of this fact, China has sought to advance the vague argument that the Tu Chinh area is the adjacent waters of its "Nansha" (Truong Sa) Archipelago, therefore it is also Chinese "territory." We know that, even if China illegally occupied the entire Truong Sa Archipelago, international law would allow it to have territorial waters only 12 nautical mile wide, and that there is no basis for China's claim to the Tu Chinh area, which, at its nearest point, is 50 nautical miles from the Truong Sa Archipelago. China also says that it has drawn a "cow-tongue" line of boundaries in the Eastern Sea for a long time and that this line has been recognized by everyone!

Looking back at the history of development and the stipulations of the International Law of the Sea, in particular those concerning the continental shelf, we know that there is no basis for the assertion that all the Eastern Sea is a "historical gulf," much less for the notion that it is a "historical sea" of any country, including China. Such an assertion lacks both a legal and a historical basis and flies in the face of the historical reality of the longstanding process of utilizing and exploiting the Eastern Sea by various nations on its rim and by other countries concerned. It also defies the existence of the international legal order cultivated and built by the international community and the reality of international life. No one can recognize such an absurd claim.

According to the international Law of the Sea, Vietnam's sovereignty over its continental shelf, established in strict accordance with international law (the 1982 UN Convention on the Law of the Sea), is clear and not dependent on any attempt at actual or nominal appropriation or any declaration. Obviously, there is no international legal basis for China's claim that area of the Tu Chinh banks of Vietnam is "China's continental shelf or territory."

An obvious fact is that the area of the Tu Chinh banks belongs to Vietnam's continental shelf. The signing of the contract for prospecting for and exploiting natural resources as well as the prospecting for and exploitation of natural resources in this area without Vietnam's agreement is a serious violation of international law and Vietnam's sovereignty and national jurisdiction. Our government has clearly stated Vietnam's position and asked that the said contract be annulled. No one may carry out activities aimed at illegally prospecting for and exploiting natural resources in the continental shelf of Vietnam.

Deputy Prime Minister Receives Japanese Visitors

BK1909153294 Hanoi VNA in English 1332 GMT 19 Sep 94

[Text] Hanoi VNA Sept. 19—Deputy Prime Minister [P.M.] Tran Duc Luong received here today a delegation of Japanese Parliament led by Mr. Momi Moto.

During the reception, Mr. Momi Moto highly appreciated the renovation process of Vietnam and said that his delegation's visit this time was to study the changes of Vietnam, especially the socio-economic development and bilateral cooperation between the two countries.

For his part, Deputy P.M. Luong spoke highly of Japanese assistance to Vietnam to help it overcome difficulties arising in its socio-economic development. He made a presentation of the renovation process in Vietnam over the past years and expressed his hope that the bilateral ties between Vietnam and Japan would be further developed.

The Japanese delegation was received on the same day by Mr. Vu Mao, director of the National Assembly Office, Mr. Do Quoc Sam, head of the State Planning Committee, Mr. Dau Ngoc Xuan, head of the State Committee for Cooperation and Investment.

On Sept. 20 the Japanese parliamentary delegation will leave Hanoi, concluding their Vietnam visit.

'Dynamic' Economic Relations With UK Outlined

BK2009095794 Hanoi Voice of Vietnam in English 1000 GMT 19 Sep 94

[Station commentary]

[Text] British Foreign Secretary Douglas Hurd said dynamic and effective relations are growing between Vietnam and Britain. During his visit to Vietnam early last week, Foreign Secretary Douglas Hurd stressed his country's policy to further develop multifaceted relations with Vietnam as Vietnam plays a very important role in international relations. Our review on relations between Vietnam and Britain:

At the end of 1989, Britain became the first Western country to respond to and strongly support the process of renovation in Vietnam by studying investment opportunities in Vietnam. Britain now has many investment contracts in Vietnam. In the first six months of this year, Britain ranked ninth among foreign investors with 17 projects and the total investment of over $380 million. Many British companies continue to study the Vietnamese market. They are supported and encouraged by the British Government, especially the Foreign Department and the Industrial and Commercial Department.

In 1985, two-way trade turnover was $5 million. Five years later, Vietnam for the first time recorded an export surplus to Britain with a total turnover of $21 million. In 1993, two-way trade turnover was more than $105 million.

Over recent years, Vietnam and Britain have signed a number of important agreements on the avoidance of double taxation, transportation, and aviation.

Foreign Secretary Douglas Hurd's Government has committed $75 million to implement projects signed between the two countries. Vietnam-Britain relations have been further boosted by series of exchange visits, namely the visits to Britain by Prime Minister Vo Van Kiet, Chairman of the National Assembly Nong Duc Manh; and visits to Vietnam by Princess Anne, State Minister Goodlad, and most recently Foreign Secretary Douglas Hurd.

Double Tax Agreements Signed With 8 Countries

BK1909153594 Hanoi Voice of Vietnam in English 1000 GMT 19 Sep 94

[Text] Agreements have been signed between Vietnam and eight foreign countries on avoidance of double taxation. They are France, Thailand, Australia, Russia, Sweden, Britain, Singapore, and South Korea. Such agreements are applied to income tax and other direct taxes.

Vo Van Kiet Meets With Energy Sector Officials

BK1709140894 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 16 Sep 94

[Text] Prime Minister Vo Van Kiet and Deputy Prime Minister Tran Duc Luong yesterday morning held a working session with the leaders of the Ministry of Energy and other relevant ministries and sectors under the central authorities. They met on the organization of the electricity and coal producing sectors in accordance with the spirit of the prime minister's Decision No. 41-TTG on the test-establishment of trading groups.

Minister Thai Phung Ne gave a briefing on the following:

—A general plan for the fourth stage of Vietnam's electricity development until the year 2000 and a development forecast for the period until the year 2010.

—A plan for the establishment of the Vietnam electricity general corporation and the Vietnam coal general corporation.

Deputy Prime Minister Tran Duc Luong and the representatives of a number of ministries and sectors gave their views, clearly outlining the functions, tasks, and organization of these two general corporations.

At the working session, Prime Minister Vo Van Kiet said: In the current national industrialization and modernization process, the electricity and coal producing sectors are very important. They are therefore required to have an appropriate organizational structure that enables economic tasks to be carried out and targets to be achieved. Once established, the Vietnam electricity general corporation and the Vietnam coal general corporation will be two big enterprises that will be involved in almost all the operations of the energy sector. These two general corporations must be strong state-run economic organizations that are able to support themselves financially and carry out all production and business duties assigned to help tide these sectors over the current operating losses.

The prime minister has asked the Ministry of Energy to guide and help the two general corporation expeditously become state-run enterprises with strong operating apparatuses and a program of action suitable to production and business activities. At the same time, the ministry must strive to work out programs, plans, and goals for the present and long-term development of the electricity and coal sectors.

The prime minister has entrusted the Ministry of Energy with the duty of promptly formulating regulations on the organization and operations of the two general corporations and presenting them to the government for ratification. The ministry has also been entrusted to organize their managing councils made up of directors-general, and deputy directors-general; and to clearly determine the functions of these two establishments. The managing councils and directors-general must, right from the start, create conditions for their units to operate in a dynamic yet orderly and disciplined fashion and in a more satisfactory way than their predecessor organizations.

Vo Van Kiet Praises New Transformer Station

BK2009095394 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 19 Sep 94

[Report with portions recorded]

[Text] A solemn ceremony was held at the 500-kilovolt transformer station in Danang this morning, 19 September, to jubilantly mark the linking of central Vietnam with the national power grid through the new transformer station.

Attending the ceremony were Prime Minister Vo Van Kiet; Minister of Energy Thai Phung Ne; Truong Quang Duoc, Quang Nam-Danang Province people's committee chairman; leading cadres from Electricity Corporation No. 3, Electricity Engineering Company No. 3, and the Union of Machine Assembly Associations; a large number of cadres and workers in charge of building the 500-kilovolt Danang transformer station; representatives of French and Australian specialists; secretaries and chairmen of various provinces in central Vietnam; representatives of the 5th Military Region; and a large number of reporters from various news agencies, newspapers, and television stations at the central and local levels.

A representative of the units engaged in the construction, management, and installation of the 500-kilovolt Danang transformer project delivered a speech underscoring efforts to overcome difficulties in completing the project on schedule and in accordance with quality standards. He also asserted the importance of the Danang transformer station as it will provide a constant power supply to various central Vietnamese provinces to help carry out industrial development and improve the people's lives.

Addressing the ceremony after commending the units engaged in building the transformer station for their high quality work, and expressing his gratitude to the local cadres and people for creating favorable conditions for and giving wholehearted assistance to the building and safeguarding of the transformer station, Prime Minister Vo Van Kiet said: Now with a power source available, the electricity sector and other localities concerned must develop plans for effective electricity use and must at the same time devise plans to positively develop the network of powerlines and stations in order to expeditiously channel electricity to needy localities.

Prime Minister Vo Van Kiet went on:

[Begin Vo Van Kiet recording] Building the 500-kilovolt [north-south] powerline has now entered a stage of perfection and overall testing of operations. Because providing security for this project is a very important task, leading comrades from the electricity sector must closely cooperate with local leaders to carry out various security plans designed to provide maximum security for this special project. You must unfailingly organize and encourage all people to participate in safeguarding this electricity project. The duties for all of us in the period ahead will be very important. It is hoped that all units, cadres, and workers in charge of maintaining the [north-south] powerline, and public organs and compatriots in those localities where the powerline passes will strive to ensure a constant, smooth, and safe electricity flow in order to duly contribute to national construction. On behalf of the government, I warmly commend this praiseworthy achievement of all units, localities, and individuals engaged in the successful construction of the 500-kilovolt north- south powerline. [applause] [end recording]

On behalf of cadres and workers from the central Vietnamese electricity sector, Comrade Van Giai, director-general of Electricity Corporation No. 3, expressed his gratitude for the concerns of the prime minister and pledged to implement to the best of his capability all the advice given by the comrade prime minister to ensure the security and satisfactory operation of the 500- kilovolt transformer station.

Vu Oanh Writes on Rural Economic Development

BK1909114394 Hanoi QUAN DOI NHAN DAN in Vietnamese 24 Aug 94 pp 1, 2

[Article in 24 August of QUAN DOI NHAN DAN by Vu Oanh, member of the party Central Committee Political Bureau: "Step Up the Mass Movement To Implement the Party Resolution on Industrialization and Modernization of Agriculture and Rural Economy at the District Level"]

[Text] The recent Midterm National Party Conference of the Seventh Party Central Committee pointed out the need to further step up national industrialization and modernization, regarding this as a central task of paramount importance for the period ahead. The resolution also said: "From now until the end of the decade, we must pay great attention to the industrialization and modernization of agriculture and the rural economy." In the resolutions of the party Central Committee's fifth and seventh plenums, there is guidance for fundamental approaches to be adopted to substantiate, implement, and translate these resolutions into reality, and through this, to truly generate a revolutionary movement among our entire party and people.

In those districts with good records, the facts show that stepping up the mass movement for industrialization and modernization of agriculture and the rural economy at the district level is very important. Districts must firmly grasp the party policies and lines and the characteristics of their localities so that they can apply these policies and lines creatively when they guide the activities of the various establishments and masses. Their guidance must be given on the following specific points:

To restructure the agricultural product base of a district's economy, it is necessary to rely on the national plan on zoning off economic areas, on orientations for building the economic structure of a related district or city, on the demands of domestic and foreign markets, on the potential in land, climate, and material bases, on the hidden assets of the people, on prospects of investment from the state and higher echelons, and on the people's tradition in carrying out production and business in each district.

Even if they have been able to exceed the grain production target by yielding 10 tons of grain or so per hectare, districts that are located within areas zoned for national or provincial grain production must continue to struggle to increase their average per-capita grain output (including rice and subsidiary food crops) for each area of land cultivated. They must strive to improve grain quality and meet national requirements in consumption, stock breeding, storage, and export. On this basis, all districts nationwide, including those in areas zoned off for rice growing, must grow food crops only in irrigated areas capable of high yields and results. They must devote the rest of their land to comprehensive agricultural development by setting up specialized crop areas. They must develop short-term and long-term industrial crops, indigenous crops, vegetables, fruit trees, legumes, and medicinal herbs. At the same time, they must strive to upgrade animal husbandry into a main production sector. This include the raising of small and large animals and poultry (buffaloes, cows, pigs, chickens, and ducks). They must develop fresh-water fish farming, especially caged fish farming in various rivers and springs, as well as the raising of special products (such as turtles and frogs). They must expand fruit orchards, fish ponds, and animal husbandry-related activities that are becoming popular in various localities. They must make full use of all sources of fresh, brackish, and salty water to carry out aqua culture (fish, shrimp, and crabs) and must vigorously surge forward to carry out offshore fishing. It is necessary to associate aqua culture with fishery and food preservations and processing.

Districts in the midland and mountain regions must examine other options in resolving the grain problem. They must persuade people to immediately stop destroying forests for ricefields and clearing land by slashing and burning. They must boldly change their production pattern by paying more attention to protecting existing forests, and protecting, improving, and caring for reforested areas. They must step up afforestation and reforest denuded land and bare hills, vigorously expand the various types of forest nurseries, combine forestry with agriculture, pay more attention to planting timber trees, pulp trees, and indigenous crops (cinnamon and sandal wood) and trees that yield products every year and offer timber at their final stage (such as rubber, tung's, cashew, olive, lychee, and longan trees). As the climate in the mountain region varies from one area to another, it is very important that we choose suitable crops for cultivation such as long-term industrial crops, indigenous crops, and perennial fruit trees. If crops are correctly selected, we will be able to bring about prosperity for the people in the region not only for this generation but also for future ones. We must coordinate efforts to step up the movement for settled farming and settled life to stabilize production and the life of our mountain compatriots.

By following those methods, the agricultural economy in rural regions will be able to produce a rich variety of diversified goods that are typical of tropical and subtropical regions. The quality will be continually improved and the value per land unit gradually enhanced, thus responding effectively to domestic consumer demand and export needs and creating a bigger food supply for society and a market for the development of industry. In addition, the structure of the agricultural economy will be changed for the better along the lines of reducing the value of food products and increasing the value of industrial plants, vegetables, livestock, and marine and forestry products.

The industrialization and modernization process in agriculture (as well as forestry and fishery) and the rural economy consists of three main elements:

1. The application of the technological revolution in agro- forestry-fishery in the domains of water conservancy, electrification, mechanization, and chemical and biological technology and the promotion of intensive cultivation and multicropping, crop rotation, and cultivation of consecutive crops. This is to increase productivity and the quality of plants and livestock while creating the conditions for an improved production structure, thus improving economic productivity per land unit as well as working conditions for farmers.

2. The development of the agricultural product processing industry (including forestry and fishery products) in the direction of developing a commodity economy and increasing product value to respond to domestic consumption and export demands.

3. The introduction of industrial trades and services to rural regions to rearrange the division of labor. This will cause the rural economic structure to change for the better, urbanizing the countryside and building a new life in rural areas.

Some concrete measures are:

a. In water conservancy development, we should expand areas irrigated by water conservancy projects, especially major food crops and industrial plant areas.

In electrification, we should bring electricity to agricultural activities and rural areas where conditions allow, with priority given to water conservancy projects and agricultural projects processing (including forest and fishery products processing). We should optimize utilization of small hydroelectric projects in mountain areas and wind energy in coastal areas.

In mechanization, we should use more small tractors in small land areas and bigger tractors in larger fields during the land treatment stage. We will also try to increase the use of machinery in planting, caring for plants, harvesting, and so forth. Land and water transport should be quickly mechanized to serve the need of passengers and the transportation of goods. Mechanical production factories should strive to produce the spare parts used by tractors and set up a wide tractor repair service network.

In chemical industry, along with using organic fertilizers we should encourage the use of chemical fertilizers such as nitrate, phosphate, potash, and synthesized fertilizers. We should encourage the use of pesticides to prevent crop disease, using the appropriate technology for each type of vegetation or plant with the appropriate quantity and timing to achieve the best results.

We will increase the application of biological technologies in all major stages of the agro-forestry-fishery production process, such as crossbreeding and experimenting with new species of plants and livestock that give high productivity and quality. We should also utilize stimulants to help plants and livestock grow faster and bio-organic fertilizers to improve productivity while limiting environmental pollution and land degradation.

b. We must widely develop industries that will improve the shelf life and quality of our agricultural, forestry, and fishery products. Different technologies and different types of joint ventures with foreign countries must be applied together to modernize our industries and improve the competitiveness of our products. We should gradually reduce and eventually stop the export of raw materials. The quality of rice milling, especially export rice, must be improved. The processing of vegetables, especially to provide food for livestock, must be widely expanded. The production of different kinds of baby food for children must be given appropriate attention. Fishery and agricultural materials should be fully exploited and the production of fish sauce and other sauces should be greatly increased. The processing of ready-to-eat food should be widely organized. The production of vegetable oils, soft drinks, and milk must be developed. We have to broaden and build more establishments for the production of sugar, cookies, and candy. Industries to process vegetables and fruits for export should be developed. We have to upgrade the quality and production of frozen food factories to process vegetables, fruit, meat, shrimp, fish, and squid for export. The processing of tea must be developed and modernized. The processing of agricultural products and food must ensure good quality and sanitation in order to maintain our competitiveness in the world market.

The use and processing of timber must be controlled in order to save our forests. Tree branches and tree tops should be fully used. We have to ensure there is enough material for the production of all kinds of paper. The processing quality of latex and rubber products must be upgraded.

The production of salt must meet the consumption demand and be sufficient for the production of different types of sodium.

Along with increasing the size of deep-sea fishing boats, it is necessary to build more piers and cold storage facilities and provide logistical support and processing with uniform equipment to maximize production output.

c. We have to develop different sections and professions strongly, especially industry, small industry and handicrafts, and service in rural areas. We also need to restore and develop specialized villages with traditional skills. The production of building materials and the building industry must be enhanced. Gradually we have to build an infrastructure system in rural areas including water reservoirs, bridges, dikes, electricity, and communication and transport. We must progressively build a system of information and communication to serve production and life. We will install telephones in all villages, solve housing shortages, and provide clean water to rural areas. Small towns, industrial and commercial quarters, and rural markets will be formed through the process of urbanization to increase the exchange of goods in rural areas.

Production must be linked with the market. Therefore, we need to pay attention to market prediction and economic information to improve the marketing capacity of family businesses and economic organizations so they can adjust their production to meet market requirements. We will apply variable measures to increase production, generate more jobs, and increase the income and purchasing power of peasants. Moreover, we will broaden goods circulation among different localities and increase exports to accelerate the consumption of agricultural products and rural industrial products.

We must develop the strength of different economic sectors at the district level. We must continue to reform the cooperative economy, including agriculture, small industry and handicrafts, trading, and credit cooperatives. We will develop collective economic organizations under the principle of voluntarism, where people clearly see the demand to set up such an organization and they earn a good reputation to ensure success. We will protect the self- determination of family businesses. We support and encourage peasants to expand their economic activities, transform our economic structure, increase labor division, and introduce science and technology into their production, thus gradually implementing the industrialization and modernization of the agricultural economy in each family. We encourage the individual economy and private businesses to conduct their business according to the law. We will reform the state economic enterprise to ensure that the state trading service expands its business to the rural market, plays a leading role in wholesale, and improves retailing service. The state trading service must be strong enough to dominate the rural market, including the consumption of agricultural products and the supply of materials and consumer goods. State agricultural, processing, and light industrial enterprises at the district level must really reform their business and cooperate with peasants and cooperatives to play a leading role in accelerating the district economy so as to industrialize and modernize gradually.

There are many ways of mobilizing surplus capital among the people to serve the goals of industrializing and modernizing agriculture and the rural economy, especially to effect a widespread and far-reaching movement for "close cooperation between the state and people" in implementing district socioeconomic infrastructure-building projects.

The above-mentioned situation enables the implementation of a new labor distribution system in the countryside. Under this system, a substantial part of the work force will be used to produce consumer products to meet domestic and export demands. Furthermore, steps will be taken to shift the work force gradually from farming to other sectors and branches of activities and to supply manpower to industrial centers and projects aimed at covering denuded land and hilly areas with greenery and at building new economic zones.

Agriculture and rural economic development at the district level will gradually supplant poverty, backwardness, and total dependence on farming to become diversified, rich, prosperous, civilized, and advanced.

District economic growth must be linked with district cultural and social development. Specific tasks are as follows:

Efforts must be made to eliminate illiteracy, implement the universalization of Level I education, and improve the people's intellectual background. Plans must be worked out to develop radio and television networks, libraries, and cultural centers to benefit the countryside. Steps must be taken to build centers to transfer agro-forestry-fishery science and technology and set up vocational training facilities to benefit peasants—especially youths of both sexes—thereby building a contingent of rural workers that is culturally and professionally fit to meet the increasing requirements of the industrialization and modernization of agriculture. Adequate steps must be taken to help with the improvement of production and business management skills of heads of households that engage in general business operations or in agro-forestry-fishery-industry activities as well as specialists and cadres in charge of economic and cooperativization development projects. It is necessary to work out measures to form and make use of technical cadres as well as assign more and more of them to handle work in the districts and at grassroots establishments. Due effort must be made to ensure well-defined work assignments, formulate proper renumeration policies based on actual work performance, and provide the masses with scientific and technological knowhow to ensure high economic results. It is necessary to conduct surveys to grasp firmly "veteran farmers with solid agricultural knowledge" and experts among the people who are experienced in the production of high-yield saplings and rare and precious products or who are well versed in occupations or branches of activity that produce high economic results. Measures must be taken to encourage the masses to broaden production and business activities and share their knowledge with other households or cooperatives. Vigorous efforts must be made to promote the movement for preventive hygiene and safe water consumption. It is necessary to promote public awareness of the need to improve the dietary system by eating more vegetables, fruit, fish, shrimp, crab, and meat to increase vitamin and protein intake, thereby improving the people's health while at the same time reducing the volume of food grains. Steps must be taken to practice family planning and initiate a vigorous physical fitness and sports movement. Efforts must be made to develop fine cultural traditions and good customs and practices; oppose bad practices, superstitions, and social vices; and promote the sense of mutual assistance and unity among rural people. It is necessary to direct the formulation and implementation of rules and regulations governing a civilized village lifestyle. Steps must be taken to set up a "universal fund to show gratitude" so as to have additional means to implement satisfactory policies toward families that render meritorious services to the fatherland and toward war invalids and relatives of fallen combatants.

Effective measures must be taken to direct the program to "eliminate hunger and reduce poverty" mainly by granting credit loans, providing people with business knowhow, encouraging households to enrich themselves legitimately, reducing the gap between the rich and the poor, and implementing social justice.

Efforts must be made to develop different forms of production and life insurance in the countryside and encourage the formulation of life insurance programs and mutual assistance or charity funds based on peasants' voluntary contributions.

For the mass movement to become more profound and widespread with each passing day, constant efforts must be made to promote full awareness among the masses of the need to uphold the spirit of self-sufficiency and self-help, work diligently, practice thrift to serve the cause of national industrialization and modernization, be bold in the performance of one's duties, heighten the sense of discipline, and be fully aware of the fact that the industrialization and modernization of the nation and of agriculture and the rural economy is everyone's duty and has a common objective; namely, making the people happy and rich and the nation powerful as well as bringing about justice and civilization in society. Viewed from this angle, it is necessary to struggle against incorrect national industrialization and modernization concepts and overcome indications of dependence, laziness, poor sense of duty, lack of discipline, departmentalism, smuggling, corruption, wasteful spending, and especially the wasteful use of land in capital construction and so forth...

Stepping up the mass movement to carry out the industrialization and modernization of agriculture and the rural economy is the direct responsibility and a difficult yet glorious task of echelons of party organizations, the administration, and mass organizations at the district and grassroots level.

The state has just promulgated the (Revised) Law on Organization of the People's Councils and People's Committees. This law clearly defines the function, duty, and authority of these councils and committees at the district and village level, thereby helping them firmly and correctly engage in developing the potential of their localities while building and comprehensively developing their regions.

Various districts must organize the implementation of party resolutions so as to materialize the industrialization and modernization of agriculture and the rural economy at the district level. The task requires districts to be self-conscious, active, dynamic, and creative while absolutely rejecting such phenomena as passiveness, depending on others, and relying on higher echelons. At present, only one-third of the total number of districts throughout the country are fine districts. Consequently, it is essential for average and weak districts to surge forward to become fine districts and for fine districts to develop further, thereby making a positive contribution to triumphantly carrying out national industrialization and modernization. Generally speaking, it is essential to enhance the leadership and guidance of party committee echelons and the management work of district administration to a higher level to make them more effective. Efforts must be made to consistently renovate the tasks and activities of the Fatherland Front committees and other mass organizations.

Entering the new stage, we must strive to formulate a long-term plan to industrialize and modernize agriculture and the rural economy at the district level, design appropriate agro-industrial (or forestry-fishery) economic structures, and formulate measures for their implementation on the basis of party lines and policies on economic development and on the basis of the orientations of the nation, provinces, and municipalities to surge forward. On the other hand, we must firmly grasp the districts' characteristics, natural resources, labor force, existing material bases, and production realities. These are tasks aimed at formulating a general long-term socioeconomic development plan at the district level.

The annual socioeconomic development plan for districts must manifest firm and concrete planning steps, demonstrate positive characteristics, and ensure the complete collection of state revenues according to the policy. Most importantly, we must know how to foster and increase our revenues by stepping up production and business at the district level in a vigorous and effective manner. At the same time, we must use our budget economically to save capitals for the construction of socioeconomic infrastructure projects in district areas. The process of industrialization and modernization will create many issues related to land use and the transfer of land-use rights. As a result, leading echelons at the district level must pay special attention to ensuring the correct enforcement of the law on land use and the law on transfer of land- use rights while striving to stop and seriously deal with all cases of corruption.

We must rely on various mass organizations to launch movements to promote production and business and to develop the socioeconomic situation. We must consistently maintain the people's enthusiasm in this task while placing our confidence in their ability, intelligence, and inexhaustible strength in the struggle. As Uncle Ho taught us: "Without the people, we cannot carry out even the easiest task; with the people, we can fulfill all tasks no matter how difficult they are."

The task of building pure, firm, and strong district party committees and grassroots party units must be renovated. It is vital for us to carry out the new political task and to foster and train the contingent of party cadres, administration personnel, and members of mass organizations at the district and grassroots levels to provide them with a firm political background, enhance their quality, promote good ethics, and strengthen their professional skills, thereby meeting the requirements of the new revolutionary undertaking.

Our confidence in the people's revolutionary movement to carry out various party resolutions triumphantly will create new changes in the process of industrialization and modernization of agriculture and the rural economy at the district level, thus positively contributing to the cause of national industrialization and modernization with the objectives of making our people prosperous, our nation powerful, and our society equitable and civilized.

Article Discusses Conflicts at Joint Ventures

BK2009080994 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 10 Sep 94 p 1-3

[Article by Tran Binh Long: "From a Joke That Harms Dignity"]

[Text] Recently in some joint venture production establishments involving foreigners there have been incidents of conflict between workers and their foreign enterprise leaders. The main reason for the conflicts has been mainly the failure by the production establishments to implement or adequately observe employment policies and regulations. However, the issue that has caused most concern to the public is the increasing number of incidents of assault, disrespect, and indecent humiliation which have seriously harmed the workers' dignity and violated Vietnam's fine customs and norms. The consequences of these incidents are very serious and complicated. The case of the violation of the workers' dignity at Saigon Mobilier International Joint Venture (SMI) that occurred on 3 June is one requiring stern criticism.

Understanding and respect for the law and culture of a country are primary prerequisites for businessmen who want to expand their business activities in that country. A businessman cannot develop his activities if he does not thoroughly understand the laws and policies on investment and labor of the host country. Neither will he be able to carry on his business effectively and securely in the long term if he does not properly recognize the relations between labor users and laborers, between managers and the managed, and between enterprise owners and employees and laborers. The relations are not only those of foreigners and natives or guest investors and local partners based on the principle of cooperation for development and mutual benefit, but they are also relations of equality between the citizens of two countries. In higher terms, they are relations between human beings, between members of different cultures, who should be respectful towards each other's dignity, social customs, and norms. Economic cooperation activities can only survive and develop effectively if these relations are managed properly.

In implementing Vietnam's policy of befriending all other countries, we are willing to expand our relations-with other countries and cooperate with foreign businessmen in constructing and developing our socio-economy. However, we are clearly aware of all the essential principles of cooperation: equality, mutual respect and support, and mutual benefit with regards to our national sovereignty and independence. As a result of this policy, more and more foreign economic individuals and organizations have come to do business here. They have a chance not only to seek financial profit, but also to have association with our culture—one which highlights self-esteem, honor, equality, national pride, and patriotism as the foundations for development. Many entrepreneurs who have come here to do business have also become active in economic as well as cultural development activities and have had good, friendly relations with the people—especially the laborers—of Vietnam, thus contributing gracefully to the promotion of relations between peoples.

From this point of view, the incident that occurred on 3 June at the SMI Company must be handled severely.

Australia

U.S. Urged Not To Implement GATT Accord

LD1909180794 Melbourne Radio Australia in English 1700 GMT 19 Sep 94

[Excerpt] Australia is urging American congressional leaders to reject a number of proposals in draft legislation aimed at implementing the GATT world trade agreement. Australia's Minister for Trade, Bob McMullan, has sent letters saying the American proposals are contrary to the letter and intent of the agreement signed last year. Senator McMullan says proposals to change the controversial American export enhancement scheme are not acceptable to Australia or the Cairns Group of fair trading nations which refuse to subsidise their agricultural exports.

[Begin McMullan recording] There are also proposals which would have impact on access for our wool, our sugar, and our textiles, which would make that access less than the intention we believe was reflected in the agreement at the time—to establish the world trade organization. [end recording] [passage omitted]

U.S. Politics, Non-Discriminatory Free Trade Viewed

BK1909132794 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 2 Sep 94 p 30

[Editorial: "A Shrewd Deal on APEC"]

[Text] APEC [Asia-Pacific Economic Cooperation], it seems, is again heading in roughly the right direction.

The goal, proposed by APEC's Eminent Persons Group, of not very discriminatory free trade by the year 2020, is a compromise between the ideal of non-discriminatory free trade and the reality of US domestic politics. But it's better than the alternative proposed by the Americans. And, in practice, it may not end up being as far from the ideal as the US trade representatives imagine.

The preference of the US representative on the Eminent Persons Group, Dr Fred Bergsten, was for a more traditional discriminatory free-trade area: one that lowered trade barriers between members but kept the barriers against non-members. He argued that a non-discriminatory free trade area (where reductions in trade barriers were automatically extended to non-member states), would be impossible to sell in the US, where there would be strong resentment about giving trade concessions unilaterally to the European Union.

The Americans also argued that a non-discriminatory move to free trade by the APEC countries would provide no incentive for the EU and other non-member States to lower their trade barriers. However, the idea of APEC turning into another discriminatory free-trade area is opposed by the East Asian members of APEC, who have experienced the benefits of unilateral reductions in trade barriers.

The resulting compromise, to be considered by APEC leaders when they meet in Indonesia in November, would allow member States to go their own way.

The report by the Eminent Persons Group states that "we are not proposing creation of an Asia-Pacific free trade area". However, the principles of "open regionalism" proposed in the report would allow individual member States to discriminate against outsiders. There would be a "commitment to continue reducing barriers to non-member countries", but not necessarily at the same speed that barriers were reduced within APEC.

There would also be a "willingness to extend (APEC's) regional liberalisation to non-members on a mutually reciprocal basis" and a recognition that any individual member could "unilaterally extend its APEC liberalisation to non-members on a conditional or unconditional basis".

So, the US could continue to negotiate cuts in trade barriers with the European Union in the time-honoured way.

Japan and the other East Asian members of APEC, on the other hand, could pass the benefits of their lower trade barriers on to the EU with no strings attached.

Who's right? Countries such as Australia can attest to the benefits of unilateral cuts in tariffs and other trade barriers. Greater exposure to international competition has generally led to a more specialised, dynamic and competitive economy.

On the other hand, when it comes to entities as large as APEC, the benefits of unilateral cuts in trade barriers are complicated by the possible adverse effects on world prices. And, to give the US representatives their due, there is no denying that the world would be better off if APEC could persuade the EU to cut its trade barriers at the same time.

Nevertheless, most economists would argue that the dynamic gains to APEC are likely to overwhelm any adverse movement in the terms of trade, and would urge countries to follow the East Asian path of unilateral liberalisation. And, as it happens, the world's economists are likely to end up being reasonably happy with the APEC compromise.

The APEC arrangements have to comply with GATT. If APEC members are to be discriminatory, the new arrangements will have to be enshrined in a new trade treaty which will have to be passed by the US Congress.

No-one seriously believes the US Congress will pass a treaty to have free trade with the rest of APEC (including China and Japan and Korea) by 2020. Nor, probably, would such a treaty be ratified by the Japanese parliament.

If APEC's members are committed to freer trade, they will have to move without the benefit of new, formal treaties. That means they will be restricted by the GATT to non-discriminatory reductions in trade barriers. Any cuts in trade barriers that the APEC members make for each other are likely to flow automatically to the European Union and everyone else.

Ironically, the constraint of US domestic politics, which has prevented APEC from fully embracing unilateral cuts in trade barriers, may eventually force the Americans to accept non-discriminatory free trade.

Clinton's Upcoming Visit To Manila Viewed

BK1909132394 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 2 Sep 94 p 27

[Michael Stutchbury's article: "Why Clinton Gave Canberra the Flick" from the "World Opinion" section]

[Text] Has Australia been snubbed by Bill Clinton's decision to visit Manila rather than Canberra on his way to the November APEC [Asia-Pacific Economic Cooperation] summit in Indonesia?

Only last year the US Secretary of State, Warren Christopher, presented Australia with what Gareth Evans described as a "shit sandwich" by bailing out at the last minute from bilateral defence talks Down Under. However unappetising to the Australians, Christopher's hastily scheduled dash to the Middle East was understandable—brokering an Arab-Israeli peace accord is perhaps the one substantial achievement he will leave to history.

Similarly, there are good reasons why Clinton would choose Manila over Canberra and other suitors, such as Malaysia and Thailand, for his pre-APEC stopover.

Like many things, the US-Australia relationship is still going through its post-Cold War transition. But it remains in good nick compared to the repair job which Clinton and the Philippines President, Fidel Ramos, need to perform on Washington-Manila relations.

"I would love for the Australians to give Bill Clinton a solid lecture on free trade," says Asia specialist Richard Fisher, of the Washington-based Heritage Foundation. "But if I were to advise him to choose between the two I would definitely suggest that he go to the Philippines." George Bush visited Canberra in early 1992 to reward Australia for its role in the Gulf War. (The Hawke memoirs claim that, as deputy PM [prime minister] at the time, Paul Keating opposed sending Australian troops to the Gulf, asking: "What has the US done for us?")

But the last US president to visit America's former colony in Asia was Gerald Ford in 1975, when the Philippines already was under the martial law of the Washington-backed Ferdinand Marcos.

Washington's patience with the increasingly embarrassing Marcos snapped with the assassination of his chief opponent, Benigno Aquino, in 1983. This led the US to back the People's Power revolt in 1986, which showed the world that ordinary people could challenge tanks in the street.

Along with anti-communism, Marcos used the US military bases in the Philippines as his bargaining chip with Washington, helping to turn them into a symbol of anti-Americanism. With Marcos gone, the Philippine Senate refused to renew the bases treaty in 1991, forcing the American withdrawal from Subic Bay. US assistance to the Philippines—aid plus money spent on the bases—plummeted from $US1.2 billion in 1991 to $US158 million last year.

"The bilateral relationship with the Philippines has really suffered," says the Heritage Foundation's Fisher. Last year, one major report on the US-Philippines relationship claimed that Americans maintained "an overly negative impression" of their former colony. Ramos complained of a "kind of coldness" in the US following the forced pull-out from the bases.

So, in Manila, Clinton will want to help transform the collapsed Cold War US-Philippines relationship to one based on mutual economic self-interest.

Unlike Cory Aquino the West Point graduate Ramos has restored political stability to the Philippines, an essential ingredient for foreign investor confidence. And, by attacking the Philippines' "crony capitalism" Ramos has given his country a chance to join the ranks of the Asian tiger economies after languishing as ASEAN's great under-achiever.

"Steady Eddie" Ramos has removed foreign exchange controls, cut import tariffs, broken the national telephone monopoly, privatised Philippine Airlines, made the central bank more independent invited private capital to restore the country's rickety electricity infrastructure and even pushed for a value-added tax.

This reform program provides opportunities for the American business delegation expected to accompany Clinton to Manila. With its well-educated population, Ramos is trying to turn the Philippines into an English-speaking business bridge between the US and the rest of Asia.

In Manila, Clinton will score political points at home among the 2 million Filipinos in the US. And he will also send a message on human rights to Asian countries such as China and the APEC host Indonesia which has recently drawn a rebuke from Washington for its shutdown of three leading newspapers.

Contrary to remarks by the US ambassador to New Zealand, Clinton will soft-pedal on human rights at the APEC summit. It is simply the wrong forum to push hard on these concerns. But, as Filipino diplomatic sources suggest, Clinton's visit to Manila "is going to be seen as a signal of endorsement of the Philippines model of development which does not sacrifice democratic principles".

A US State Department official agrees with the symbolism. "The whole issue of democratic revival in the Philippines is one that resonates strongly," the official told The Australian Financial Review. "This is not to say there are not serious problems on human rights, but the trends in the Philippines are largely in the right direction."

After meeting Ramos in Washington late last year, Clinton said the Philippines showed that human rights can "be appreciated, revered and respected anywhere", rather than being "somehow a product of the Western cultural tradition".

And Ramos maintained that a new Washington-Manila partnership would be based on "the values that both Americans and Filipinos cherish deeply—the sanctity of human rights, the value of democracy and the efficacy of the free market".

Restoring the US-Philippines relationship can only be good for Australia's interests in developing an Asia Pacific economic community. But it means that Canberra is unlikely to see Bill Clinton before the November 1996 presidential elections. It might be better to pitch for Hillary instead.

Evans, French Minister Discuss Nuclear Test Ban

BK2009022794 Melbourne Radio Australia in English 0100 GMT 20 Sep 94

[Text] Australia has sought assurances from the visiting French minister that France will maintain its moratorium on nuclear testing in the South Pacific. Australia's foreign affairs minister, Gareth Evans, raised the issue in talks in Canberra with his French counterpart [as heard], Dominique Perben.

Spokesperson for Senator Evans said he also sought assurances that the moratorium on nuclear testing in the South Pacific would not be linked to the French presidency. Radio Australia's Canberra bureau said this was a reference to differences between the current French Government and the president, Francois Mitterrand, over the moratorium issue.

The spokesperson for Senator Evans said the two ministers also discussed political and economic cooperation in the South Pacific and potential coopertion in the Indian Ocean through the French Reunion Island.

New Zealand

Government Offers 'Up to 4' Observers for Haiti

BK2009022294 Hong Kong AFP in English 0138 GMT 20 Sep 94

[Text] Wellington, Sept 20 (AFP)—New Zealand will provide up to four military observers for a UN force in Haiti, Foreign Minister Don McKinnon said in a statement Tuesday. He said the United Nations requested 16 international military observers.

New Zealand Defence Force personnel would join the team from the UN Mission to Haiti (UNMIH) which will be deployed alongside the Multinational Force. UNMIH was expected to leave shortly and would also help train the Haitian armed forces and a separate civilian police force.

"The government's agreement to provide observers is in keeping with our support for the efforts of the UN and the United States to restore democracy in Haiti. The people of Haiti deserve the help of the international community as they move towards the restoration of democracy and human rights in their sadly troubled country," McKinnon said.

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